



CEE

LEGAL MATTERS

YEAR 3, ISSUE 3
JUNE 2016

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

- ACROSS THE WIRE: DEALS AND CASES IN CEE ■ THE MEDIA SECTOR IN CEE ■
- MARKET SPOTLIGHT: THE BALKANS ■ CEE BUZZ ■ INSIDE INSIGHTS ■
- ON THE MOVE: NEW FIRMS AND PRACTICES ■ SERBIAN AND CROATIAN ROUND TABLES ■
- CHANGES AT YUKSELKARKIN ■ TIME TO PARTY FOR BPV BRAUN PARTNERS ■
- BUILDING BLOCKS OF CEE: DAN MATTHEWS SAYS GOOD-BYE ■ EXPERTS REVIEW: IP/IT ■



ISTANBUL, 6-7 OCTOBER, 2016

2ND ANNUAL CEE GENERAL COUNSEL SUMMIT

The 2015 GC Summit brought together over 100 Chief Legal Officers from across CEE for two days of meetings, professional development, networking, and fun, making it the single largest and most important annual gathering of CEE-based General Counsel.

An even greater number are expected in Istanbul for the this year's Summit. To learn more about how you can be among them, please contact us today.

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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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Disclaimer:

At CEE Legal Matters, we hate boilerplate disclaimers in small print as much as you do. But we also recognize the importance of the "better safe than sorry" principle. So, while we strive for accuracy and hope to develop our readers' trust, we nonetheless have to be absolutely clear about one thing: Nothing in the CEE Legal Matters magazine or website is meant or should be understood as legal advice of any kind. Readers should proceed at their own risk, and any questions about legal assertions, conclusions, or representations made in these pages should be directed to the person or persons who made them.

We believe CEE Legal Matters can serve as a useful conduit for legal experts, and we will continue to look for ways to expand that service. But now, later, and for all time: We do not ourselves claim to know or understand the law as it is cited in these pages, nor do we accept any responsibility for facts as they may be asserted.

Editorial: What You May Not Know



Surprisingly (to us), Radu and I receive occasional inquiries about the extent to which CEE Legal Matters reaches an in-house audience, and whether or not we've thought about ways of helping

law firms in CEE get their messages to the General Counsel and Heads of Legal who retain them. Ironically, and by contrast, we also receive messages claiming that while contacting Chief Legal Officers (CLOs) is all very nice, many CEE law firms would be more interested in making sure their brands and capabilities are put before the English and American law firms able to send referral work their way, and suggesting that we might want to think about focusing on that. These kindly meant inquiries and suggestions always make us smile. Because the truth is, we already do all of that – and much more. So let me provide you with a quick update:

Did you know ... that the CEE Legal Matters website registers over 40,000 daily visitors, with large percentages coming from the United States and United Kingdom? Did you know that banners on the website average over 1300 click-throughs a month? Did you know that the Knowledge Partnerships and Thought Leadership accounts on the CEELM website are available at a fraction of the cost of similar features on other legally-themed sites – most of which are far less popular?

Did you know ... that the GC Summit scheduled for October 6-7 in Istanbul will be attended by some 150+ General Counsel and Heads of Legal from around Central and Eastern Europe, for two days (and at least one night) of networking, best practices, and professional development? Did you know that the GC Summit will be sponsored by Slaughter & May, Baker & McKenzie, ELIG, Vasil Kislil & Partners, the Moral Law Firm, and Kolcuoglu Demirkan Kocakli? Did you know that only those firms that sponsor the event can attend, making it uniquely CLO-focused?

Did you know ... that each issue of the CEE Legal Matters magazine is read in hard-copy by over 600 senior in-house counsel across the region, and the electronic version on the CEE Legal Matters website is read by many more? Indeed, the online version registers 1000 readers a month (meaning that after two months it has been read 2000 times, after three months 3000 times, and so on). And of course the articles from the magazine are uploaded separately onto the website when each subsequent issue is published, meaning they can be and are read inde-

pendently as well.

Did you know ... that the annual CEE Legal Matters Corporate Counsel Handbook is based on a survey sent out to over 3000 Chief Legal Counsel in CEE alone, and is then sent in hard copy to each of them who participates (almost 700 in 2015, and we expect many more this year)? Did you know that the 2016 Handbook will contain, for the first time, a Directory of business law firms in Central and Eastern Europe?

We're planning more, always. More Round Tables bringing both Partners and local CLOs together to discuss their shared and differing challenges and obligations. More events like our annual End of Year Summit, including a possible UK/US road show for CEE firms (contact us for more details). New features in the magazine. A redesigned website. We're happy to explain and discuss these new opportunities at any time, if you're interested.

At the moment, of course, we're focused on finalizing this issue you now hold in your hands or are reading online. And it, like every issue we produce, does those things you want it to do. So, to continue the theme:

Did you know ... we interview multiple Chief Legal Officers in each issue in our "Inside Insight" feature, and you can find six such interviews in this issue?

Did you know ... that we list each and every deal we've reported on in the previous two months in our Table of Deals, this time on page 6?

Did you know ... that we're focusing our Market Spotlight this time on the Balkans, with Round Table conversations in Belgrade and Zagreb, plus Market Snapshots from Albania and Serbia?

Did you know ... that the recurring Building Blocks of CEE feature – which covers those individuals and institutions that helped build the legal markets of CEE – focuses this issue on Dan Matthews, the long-time head of Baker & McKenzie in Moscow, Baku, and now Istanbul, as he prepares to retire and return to the United States?

Did you know ... that we interview both the Partners at bpv Braun Partners in Prague and the newly-renamed YukselKarkin law firm in Istanbul to learn about developments of significance at both firms?

Did you know ... that Experts Review focuses on Intellectual Property, and that our Industry Focus looks at Media?

Come on, be honest. You didn't know most of that. Really, there's a lot you may not know about what we do. We hope you'll drop us a line or give us a call to find out more, and how you can make CEE Legal Matters work more for you.

David Stuckey

Guest Editorial: Anomalies of Justice



This guest editorial is a critique of the Czech judicial system, which is similar to the judicial systems of most if not all CEE countries. It is not my intention to criticize any individual judge or the Czech judiciary as a whole. Judges are a product of the system in which they operate. It is the judicial system, which is – in my humble opinion – somewhat flawed. Although common throughout continental Europe, I find it aberrant that young men and women, who have just completed their legal studies, are able to choose to go to judges' school to become judges, without any other experience, whether legal or in the school of life. After a couple of years and a couple of exams, they become judges.

The role of a judge is to adjudicate on matters coming before him or her, wisely and according to the law. This requires both a profound grasp of the law and the wisdom, gained through experience, to determine how to apply the law.

Czech law faculties are capable of educating their students in the letter of the law, both substantive and procedural. The Czech legal system of naming judges ensures that the applicants for the positions of judges indeed come from the law school graduates with the best knowledge of the law, who have expressed an interest in a career in the judiciary. Thus, the first element of a good judge has been fulfilled.

However, how can a young woman or man, with no real knowledge of the world and barely any experience except their passage through judges' school, be expected to possess the requisite wisdom to apply the law in a manner designed to bring about a just result? I am not advocating judicial intervention in the legislative process. That is the role of parliament. Nevertheless, the law must be applied wisely, not merely literally.

I am also not advocating the superiority of Common Law over a codified system of law. However, I am proposing that continental Europe could learn from the experience of – for example – the Province of Quebec in Canada. Like the Czech Republic, Quebec has retained its system of law, based on a Civil Code. However, judges are named, as in the Common Law provinces of Canada and in many other parts of the English-speaking world, from amongst lawyers who have had many years of experience and have gained a large measure of respect in the practice of law. They are highly respected, well paid, and with very few exceptions, impeccable. The judiciary is, in Anglo-Saxon countries, the crowning of many years of service in the legal profession, not a simple career choice like be-

coming an advocate or a notary.

My criticism is also directed at the legislator, which allows the same courts hearing a case in first instance to then hear an appeal in the same or a closely-related matter. One of our foreign clients suffered from this tragi-comic situation recently. This is not the appropriate forum to describe the whole sad story in detail. However, it is the tale of a dishonest lawyer who manipulated the Czech judicial system and, indeed, the Czech judiciary, into working in his favor. That case was exacerbated by the fact that the Czech Code of Civil Procedure was amended in the course of the legal proceedings. As a result of this amendment, the court, which had heard the case in first instance, when the dishonest lawyer sued his client's company, became the court of appeal when the client – or rather his company – tried to reverse the effects of the judgment. The client became aware of the judgment only several months after it was rendered, due to the dishonest machinations of the lawyer.

The Czech judicial system has made great strides over the past quarter century, since the days when judgments were politically motivated and the political fidelity of a judge was more important than his or her legal abilities. Nevertheless, there remains a long road ahead, before anything approaching perfection is achieved.

[A longer version of this editorial, with more details of the specific case Thomas Hruby refers to, can be found on the Thought Leadership page of the CEE Legal Matters website. – ed.]

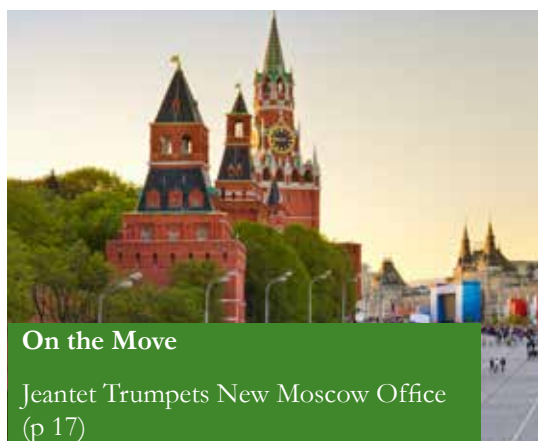
*Thomas Hruby, Partner,
Hruby & Buchvaldek*

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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: press@ceelm.com

Letters should include the writer's full name, address and telephone number and may be edited for purposes of clarity and space.



Preliminary Matters

2 - 5

- 3 Editorial: What You May Not Know
- 4 Guest Editorial: Anomalies of Justice

Across the Wire

6 - 23

- 6 Legal Ticker: Summary of Deals and Cases
- 16 On the Move: New Homes and Friends

Legal Matters

24 - 39

- 24 Legal Matters: The Buzz
- 30 CEE Building Blocks: Baker & McKenzie's Dan Matthews Says Good-Bye
- 36 Time to Party: bpv Braun Partners Celebrates 10 Years of Success
- 39 Change at the Top: YukselKarkin Con dent Going Forward

Industry Report: In Media Res

40 - 45

- 42 Comprehensive Review in Bulgaria
- 43 Busy Filming in Hungary
- 44 In-House with a TV Station in Slovakia
- 45 The Revizor Precedent and a Developing Trend in Ukraine

Market Spotlight: The Balkans

46 - 73

- 47 Guest Editorial: No More "Interesting Times" for the Balkans
- 48 Belgrade and Beyond: Top Legal Experts Gather for Serbian Round Table
- 54 A Checkered Reality: Croatia Recovers in Fits and Starts
- 58 Market Snapshot
- 60 Inside Insight: Dino Aganovic
- 63 Inside Insight: Anita Pejic Ilisevic
- 64 Inside Insight: Milan Lomic
- 66 Inside Insight: Ante Sucur
- 68 Inside Insight: Sandra Simic
- 70 Inside Insight: Erion Doko
- 72 Expat on the Market: David Schoch

Experts Review: Intellectual Property

74 - 92

Legal Ticker: Summary of Deals and Cases

Full information available at: www.ceelegalmatters.com

Period Covered: April 18, 2015 - June 10, 2016

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
18-Apr	Arnold Rechtsanwälte Gibson, Dunn & Crutcher Schoenherr	Schoenherr advised Hyatt International on the establishment of a 50/50 joint venture with the Austria Signa Group for the construction and operation of a five-star hotel to be named Andaz am Belvedere. Gibson, Dunn & Crutcher LLP (London) was also involved on Hyatt's side, while Signa was advised by Arnold Rechtsanwälte.	N/A	Austria
20-Apr	CHSH Cerha Hempel Spiegelfeld Hlawati Clifford Chance Schoenherr	Schoenherr, working together with Clifford Chance, Moscow, advised Terim Limited (Cyprus) and O1 Group Limited (Cyprus) on their joint sale of a 26% participation in CA Immobilien Anlagen Aktiengesellschaft to Immofinanz AG. CHSH advised Immofinanz on the deal and refinancing, and on merger control issues.	EUR 604 million	Austria
5-May	Baker & McKenzie Fellner Wratzfeld & Partner	Baker & McKenzie advised GFKL Financial Services, part of the GFKL Lowell Group, on its acquisition of IS Group Management (trading as IS Inkasso Service) from 81.07% shareholder Hannover Finanz, current CEOs Affenzeller Wolfgang (4.2%) and Kren Christian (11.4%), and former CEO Niedermayr Walter (3.33%). Fellner Wratzfeld & Partner advised the sellers.	N/A	Austria
9-May	Linklaters Schoenherr Wolf Theiss	Schoenherr advised an international banking syndicate consisting of Morgan Stanley (technical lead), UBS, J.P. Morgan, and HSBC as Joint Lead Managers on the successful issuance of an undated and subordinated fixed to fixed resettable bond by Vienna-based Erste Group Bank AG. The Joint Lead Managers were advised on German law matters by Linklaters Frankfurt, while Erste Bank was advised by Wolf Theiss.	EUR 500 million	Austria
11-May	Brandl & Talos Kirkland & Ellis Wolf Theiss	Wolf Theiss advised the Swiss company Sportradar AG in its acquisition of the core business of the Sportsman group from founders Thomas Krohne and Karl Wieseneder. Brandl & Talos advised the sellers.	N/A	Austria
12-May	Allen & Overy	Allen & Overy advised Oesterreichische Kontrollbank on legal aspects of its public offering of USD 2.0 billion of 1.125% Guaranteed Global Notes due 2019. The bonds are guaranteed by the Republic of Austria and will be listed on the regulated market of the Luxembourg Stock Exchange.	USD 2 billion	Austria
16-May	Allen & Overy Dorda Brugger Jordis DLA Piper	Allen & Overy and Dorda Brugger Jordis advised TNT Express N.V. on the intended disposal of its Innight Business in Germany, Austria, Belgium, and the Netherlands to Special Situations Venture Partners III Fund, advised by Orlando Management AG. DLA Piper advised the buyers.	N/A	Austria
20-May	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner organized a PPP model to procure the design, construction, and facility management of radiation therapy centers for the Vienna Hospital Association. The investment volume amounts to approximately EUR 85 million and the estimated useful life is 25 years.	EUR 85 million	Austria
31-May	Herbst Kinsky	Herbst Kinsky advised TourRadar GmbH throughout its Series A financing round with new investors Hoxton Ventures Fund, Cherry Ventures Fund, Mobile Monkeys GmbH, and base-media GmbH.	USD 6 million	Austria
26-May	Gleiss Lutz Hengeler Mueller Schoenherr	Schoenherr acted as local counsel for Austria and the Czech Republic to Groupe SEB on its acquisition of Germany's WMF Group from Finedining Capital, an indirect subsidiary of funds advised the KKR private equity firm. Gleiss Lutz acted as lead counsel to Groupe SEB on the deal, while Hengeler Mueller advised Finedining.	N/A	Austria Czech Republic
29-Apr	bpv Hugel Moroglu Arseven Schoenherr	Schoenherr advised UniCredit Bank Austria AG as arranger, agent, security agent, and original lender in connection with a senior term facility for the construction and operation of several hydro power plants in Turkey for the Austrian-based Enso Group. Moroglu Arseven served as local counsel to the Enso Group in Turkey, with bpv Hugel advising in Austria.	N/A	Austria Turkey
28-Apr	Sorainen	Sorainen Belarus advised Fiverun, Inc., a California-based innovator in the mobile point of sale (mPOS) arena, on Belarusian aspects of its sale to Vista Equity Partners.	N/A	Belarus
20-May	BNT attorneys-at-law	The Minsk office of BNT attorneys-at-law advised PV Consult, one of the leading builders of solar energy generating stations in Europe, on the company's participation in the construction of a solar energy production project in Bragin, Belarus.	N/A	Belarus
10-Jun	Sorainen	Sorainen Belarus assisted Texas Chicken (belonging to Cajun Global LLC), a U.S.-based chain of fast food restaurants specializing in fried chicken, establish its franchise in Belarus.	N/A	Belarus
25-May	Dimitrijevic & Partners Maric & Co.	Dimitrijevic & Partners advised TBG BH – the Bosnian subsidiary of Heidelberg Cement active in concrete production – on its acquisition of three concrete plants in Federation of Bosnia and Herzegovina from W&P Baustoffe Austria. Maric & Co. advised the sellers.	N/A	Bosnia & Herzegovina
18-Apr	Boyanov & Co	Boyanov & Co. advised the European Investment Fund on the implementation of the SME Initiative for Uncapped Guarantee Instrument in Bulgaria, and the respective Funding Agreement, Intercreditor Agreement and Pledge (Financial Collateral) Agreement concluded with the Government of the Republic of Bulgaria in March 2016.	N/A	Bulgaria
19-Apr	CHSH Cerha Hempel Spiegelfeld Hlawati	CHSH Sofia advised Mediapost Hitmail SA, a subsidiary of the French La Poste Group, on its acquisition of a majority stake in the Bulgarian marketing agency Metrica.	N/A	Bulgaria
5-May	Allen & Overy Djingov, Gouginski, Kyutshukov & Velichkov Linklaters Tsvetkova Bebov Komarevski	Linklaters and Bulgaria's Djingov, Gouginski, Kyutshukov & Velichkov advised Joint Lead Managers and Bookrunners CitiGroup, BNP Paribas, J.P.Morgan, and UniCredit on Bulgarian legal aspects of the Republic of Bulgaria's March 14 issuance of a dual tranche bonds. Allen & Overy and Tsvetkova Bebov Komarevski represented the Bulgarian government.	EUR 1.994 billion	Bulgaria

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
9-May	Kambourov & Partners	Kambourov & Partners advised BISAM on the Bulgarian part of its acquisition of FinAnalytica.	N/A	Bulgaria
9-May	Dimitrov, Petrov & Co. Marijana Gelova	Dimitrov, Petrov & Co. advised NEVEQ II on acquisition of a stake in Methodia AD. Methodia was advised by Sole Practitioner Marijana Gelova.	N/A	Bulgaria
10-May	Kambourov & Partners	Kambourov & Partners advised BISAM on the Bulgarian part of its acquisition of FinAnalytica.	N/A	Bulgaria
20-May	CMS Gugushev & Partners	CMS advised Ultimo Netherlands BV, a fully owned subsidiary of B2Holding AS, on its entrance into an agreement to acquire 100% of the shares of Debt Collection Agency AD from Martin Despov Despov and Nikolina Todorova Stancheva. Gugushev & Partners advised the sellers on the deal, which is expected to close by summer 2016.	N/A	Bulgaria
27-May	Kambourov & Partners	Kambourov & Partners successfully defended the interests of the Bulgarian Football Union before the Court of Arbitration for Sport in Lausanne, Switzerland.	N/A	Bulgaria
3-Jun	Dimitrov, Petrov & Co.	Dimitrov, Petrov & Co.'s lawyers successfully represented Pharmhold AD before the Bulgarian Supreme Administrative Court in its appeal of a decision by Bulgaria's Financial Supervision Commission.	N/A	Bulgaria
7-Jun	Arochi & Lindner Dimitrov, Petrov & Co. Dontchev, Zamfirova, Marinova	Dimitrov, Petrov & Co. advised the NEVEQ II venture capital fund with regard to its investment in the BIODIT corporation, which specializes in designing and manufacturing access control and identification systems based on biometric patterns. The Arochi & Lindner law firm advised on Spanish matters. Biodit was advised by the Dontchev, Zamfirova, Marinova law office.	N/A	Bulgaria
10-Jun	Penkov-Markov & Partners	Penkov-Markov & Partners obtained preliminary approval from the Bulgarian National Bank for 4FINANCE's indirect acquisition of 100% of the share capital of TBI Bank from Kardan Financial Services B.V.	N/A	Bulgaria
18-Apr	Divjak, Topic & Bihitjarevic Wolf Theiss	Divjak, Topic & Bihitjarevic reported that the 2015 acquisition by Heineken Croatia of Lasko Grupa (a Croatian entity previously owned by Pivovarna Lasko, Slovenia) has closed, and that Lasko Grupa has now completely merged into Heineken Croatia. DTB advised Heineken Croatia, with Wolf Theiss advising Lasko.	N/A	Croatia
22-Apr	CMS Dechert Grimaldi Studio Legale Porobija and Porobija	CMS advised Argus Capital Partners and its affiliate Calucem Holding S.a.r.l., as well as Mandated Lead Arranger and Sole Underwriter, Unicredit, on the disposal of the Calucem Group to Ambianta SGR S.P.A.. Ambianta was advised by Croatia's Porobija and Porobija, the UK and Italian offices of Grimaldi Studio Legale, and the UK and German offices of Dechert.	N/A	Croatia Hungary
18-Apr	Allen & Overy Dubinski Fabrycki Jelenski & Partners	Allen & Overy advised Ceska Sportelna as sole lead manager, fiscal and paying, and listing and security agent, in relation to the CZK 600 million standalone secured and guaranteed Czech (domestic) bond issuance by MCI Venture Projects, an SPV of MCI EuroVentures 1.0 fund guaranteed by Poland's MCI Capital. Dubinski Fabrycki Jelenski & Partners advised MCI Capital on Polish law aspects of the bond issuance.	EUR 22 million	Czech Republic
21-Apr	Freshfields Hengeler Mueller	The Berlin office of Freshfields Bruckhaus Deringer advised Vattenfall on the sale of its German lignite operations to Czech energy company EPH with its financial partner PPF Investments. Hengeler Mueller advised EPH on the deal.	N/A	Czech Republic
2-May	Dvorak Hager & Partners Glatzova & Co.	Dvorak Hager & Partners advised GrECo JLT, a leading CEE insurance broker and consultant, on the sale of the Top-Pojistenici.cz insurance comparison portal to Ceskoslovenska Obchodni Banka, a.s. (CSOB). CSOB was advised by Glatzova & Co. on the deal.	N/A	Czech Republic
5-May	Wilson & Partners Wolf Theiss	Wolf Theiss advised the Karimpol Group on the sale of the Rohan Office Building in Prague to REICO, which manages an investment vehicle of Ceska Sportelna. REICO was advised by Wilson & Partners.	N/A	Czech Republic
10-May	Honert & Partner JSK Reed Smith	Czech JSK firm and Germany's Honert & Partner advised Inven Capital, a venture capital arm of CEZ, on its investment in Tado. Reed Smith represented Tado on the deal.	EUR 20 million	Czech Republic
23-May	Allen & Over Cleary Gottlieb Clifford Chance NCTM Studio Legale	Clifford Chance's Prague, Milan, Rome, Warsaw, and London offices advised the Sazka Group and Italian Gaming Holding, subsidiaries of Czech lottery operator Sazka and investment company EMMA Capital, on their successful consortium bid in the lottery concession tender process in Italy and related bank financing.	EUR 770 million	Czech Republic
1-Jun	Dvorak Hager & Partners Schmidtmayr Sorgo Wanke White & Case	White & Case advised LaSalle Investment Management on its acquisition of a complex of buildings in Prague from a private owner. The seller was advised by Dvorak Hager & Partners and Schmidtmayr Sorgo Wanke.	EUR 80 million	Czech Republic
2-Jun	Kocian Solc Balastik	Kocian Solc Balastik reported that the Municipal Court in Prague has delivered a first instance decision in favor of firm client Agrofert in a case that has been ongoing since 2011 against Luxembourg company European United Bakeries.	N/A	Czech Republic
3-Jun	JSK Law Office Lindahl White & Case	White & Case, acting with the Swedish Lindahl law firm, represented AXIS Communication, a Swedish manufacturer of network cameras for the physical security and video surveillance industries, on its acquisition of 2N from its shareholders. The Czech Republic's JSK Law Office represented the sellers on the deal.	N/A	Czech Republic
3-Jun	Kocian Solc Balastik	Kocian Solc Balastik advised Fundlift, the first Czech platform focused on equity crowdfunding, on the launch of its operations. It is a joint venture of the financial group Roklen and the investment group Rockaway.	N/A	Czech Republic
9-May	CMS Kinstellar	CMS has advised Erste Group Bank AG and its subsidiaries and Kinstellar advised Global Payments Inc. and CaixaBank on a joint venture between the three for providing merchant acquiring and payment processing services to retailers in the Czech Republic, Romania, and Slovakia.	N/A	Czech Republic Romania Slovakia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
29-Apr	Dvorak Hager & Partners Gide Loyrette Nouel Peterka & Partners	Gide and Dvorak Hager & Partners advised Societe Generale and Komerční Banka on the acquisition by their subsidiary Essox s.r.o. of 100% of the share capital of PSA Finance Ceska Republika s.r.o. and of PSA Finance Slovakia, s.r.o., the Czech and Slovak subsidiaries of Banque PSA Finance. Peterka & Partners advised PSA Finance on the acquisitions.	N/A	Czech Republic Slovakia
26-Apr	Glimstedt	Glimstedt's Tallinn office advised the Estonian Defense Forces on its March 31, 2016 framework agreement with the Israeli defence industry company Elbit Systems Ltd., under which Elbit Systems will supply ammunition for 120-millimeter mortars of the Estonian Defense Forces in coming years.	EUR 2 million	Estonia
3-Jun	Aivar Pilv	Aivar Pilv reported that the Estonian Supreme Court has refused to proceed on the cassation appeal of firm clients Kadri Paas, Katarina Krjutskova and Vaba Kiri OU, meaning that the rulings of the Harju County Court and the Tallinn Circuit Court against them in claims made by entrepreneur (and Aivar Pilv client) Alexander Kofkin have become final.	N/A	Estonia
9-May	Avance Attorneys LTD Ellex (Klavins) Ellex (Raidla) Ellex (Valiunas)	Raidla Ellex, working together with Klavins Ellex and Valiunas Ellex, advised Altor, the Nordic private equity fund, in the acquisition of the Realia Group. The sellers were advised by Avance Attorneys LTD.	N/A	Estonia Latvia Lithuania
29-Apr	Drakopoulos	Drakopoulos and the React anti-counterfeiting network, working in cooperation with the Greek police, reported a seizure of 25,000 fake clothing items in a warehouse in an Athenian suburb on April 26, 2016.	N/A	Greece
13-May	White & Case	White & Case achieved what it calls "a significant success" for the Hellenic Steelmakers Union before the Hellenic Competition Commission.	N/A	Greece
22-Apr	White & Case	White & Case assisted MOL Hungarian Oil and Gas plc obtain regulatory clearance from the European Commission for its acquisition of ENI Hungaria Zrt. and ENI Slovenija družba za trženje z naftnimi derivati, d.o.o.	N/A	Hungary
10-May	CMS Hogan Lovells	CMS advised a joint venture of DDM AG and an unnamed global investment manager on the acquisition of VR Leasing Group's Hungarian subsidiary, Lombard Penzugyi és Lizing Zrt. ("Lombard Lizing"), accomplished via an acquisition of Lombard Lizing's NPL and subpar retail portfolio of auto loans. Hogan Lovells advised VR Leasing Group on the sale.	N/A	Hungary
19-May	Allen & Overy Dentons	Dentons and Allen & Overy announced that they advised Metem Hungary Kft. and GE Hungary Kft. as part of GE's global acquisition of Metem Corporation.	N/A	Hungary
20-May	Dentons	Dentons advised Darby Converging Europe III Fund (acting through a Hungarian SPV) on its investment in and partial acquisition of the commercial loans of DBM Del-nyirsegi Bioenergetikai Zrt., a biomass plant in distressed financial condition.	N/A	Hungary
23-May	George Z. Georgiou & Associates Hogan Lovells Walder Wyss Wolf Theiss	Hogan Lovells advised the TMF Group on its acquisition of the UCMS Group. Financial terms of the transaction were not disclosed. Wolf Theiss advised the TMF Group on Romanian law matters, George Z. Georgiou & Associates advised on Cypriot law matters, and Walder Wyss advised on Swiss law matters. Keystone Law advised the sellers on the deal.	N/A	Hungary
19-Apr	Klavins Ellex	Klavins Ellex advised Ikea Industry Latvia SIA on its sale of a sawmill company based in Incukalns, Latvia, to the Rettenmeier Group. As a result of the deal, Rettenmeier also acquired sole control of AS Incukalns Timber, a joint venture previously owned by Ikea Industry and Rettenmeier.	N/A	Latvia
10-May	Cobalt Tark Grunte Sutkiene	Tark Grunte Sutkiene provided legal assistance to SEB Bank Latvia regarding a long-term syndicated loan it provided along with Danske Bank to Linstow Group enterprises. Cobalt advised the Linstow Group on the deal.	EUR 76 million	Latvia
16-May	Primus	Primus successfully represented Latvijas Pasts – the largest Latvian postal operator – in its challenge to a decision of the Procurement Monitoring Bureau to sanction access to Latvijas Pasts' postal network for other postal operators without the need to enter into agreements with Latvijas Pasts and at tariffs specifically reserved for the end users of universal postal service.	N/A	Latvia
16-May	Fort Tark Grunte Sutkiene	Tark Grunte Sutkiene advised Skandinaviska Enskilda Banken AB (SEB) on amendments to and new wording of the existing loan agreement for the loan amount of EUR 103,370,085 extended to Laurus Properties for its previously-reported acquisition of the commercial real estate portfolio from Geneva Properties N.V. Fort's Latvia office advised Laurus Properties on the deal.	N/A	Latvia
24-May	Ellex (Klavins) Eversheds Glimstedt Sorainen Trinity	The Management Board of RB Rail AS selected Klavins Ellex, Eversheds Bitans, and the Latvian offices of Sorainen, Trinity, and Glimstedt as advisers to the Rail Baltica project, subject to entering into a framework agreement.	N/A	Latvia
1-Jun	Glimstedt	Glimstedt Latvia advised Olainfarm on its acquisition of 100% of the shares of elastic medical products manufacturer Tonus Elast.	EUR 14 million	Latvia
7-Jun	Ellex (Valiunas Ellex) Sorainen	Sorainen advised the BITE group, a major mobile operator in Lithuania and Latvia, on its acquisition of a controlling shareholding in Spainetos Prekybos Sistema and its Latvian subsidiary, Spaineta Latvia. Valiunas Ellex advised Spaineta on the deal.	N/A	Latvia Lithuania
22-Apr	Cobalt Sorainen	Sorainen Lithuania advised Softneta on the EUR 1 million investment into the company by venture capital fund Practica Capital. Cobalt advised Practica Capital on the deal.	EUR 1 million	Lithuania
27-Apr	Sorainen	Sorainen Lithuania advised Kuusakoski on the sale of its Lithuanian subsidiary to Dorvina.	N/A	Lithuania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
2-May	Eversheds Tark Grunte Sukiene	Eversheds Saladzius and Tark Grunte Sukiene advised Fortum and Lietuvos Energija, respectively, on a substantial joint venture project between the two for co-generation power plant development.	N/A	Lithuania
3-May	Eversheds	Eversheds Saladzius advised US storage and information management company Iron Mountain on its acquisition of AB Archyvu Centras from its founders.	N/A	Lithuania
4-May	Sulija Partners	Sulija Partners in Vilnius successfully represented Ashley Kozel, an American citizen, in her request to have the Lithuanian Court of Appeal recognize and enforce a Florida multimillion money judgement.	N/A	Lithuania
6-May	Sulija Partners	Sulija Partners announced that the Supreme Administrative Court of Lithuania has dropped charges against the Top Travel travel agency – which the firm represented – “by completely overturning the decision of the Lithuanian Competition Council and the ruling of the Vilnius District Court regarding this company.” The case concerned the alleged participation of various Lithuanian travel agencies in a common computerized booking system that restricted discount rates available for online bookings.	N/A	Lithuania
9-May	Tark Grunte Sukiene	Tark Grunte Sutkiene advised Micro Matic on its EUR 2.8 million acquisition of a land plot and factory buildings in Kaunas and on the financing of that transaction from Danske Bank.	EUR 2.8 million	Lithuania
9-May	Tark Grunte Sukiene	Tark Grunte Sutkiene's Lithuanian offices successfully represented bankrupt Ukio Bankas in a EUR 14.6 million loan recovery matter against Boslita and Co, a sparkling wine and wine beverages producer.	EUR 14.6 million	Lithuania
10-May	Sulija Partners	Sulija Partners in Vilnius successfully represented an officer of Deutsche Lufthansa AG in Lithuanian administrative proceedings involving a flight delay.	N/A	Lithuania
10-May	Mannheimer Swartling Sorainen	Sorainen, acting together with Mannheimer Swartling, advised Sweden's Hilding Anders – the leading manufacturer of beds in Europe, Russia, and Asia – on its acquisition of the Lithuanian company Mingridas.	N/A	Lithuania
18-May	Sorainen	Sorainen Lithuania announced that it is partnering with Rise Vilnius, a hub for startups in Lithuania that will be launched by Barclays Group Operations this summer, to “help startups on the road to success by providing legal advice.”	N/A	Lithuania
23-May	Sorainen	Sorainen Lithuania advised the Aurika Group, a holding company, on its acquisition of a minority interest in daughter company Aurika.	N/A	Lithuania
23-May	SPC Legal	SPC Legal acted for majority shareholders of Ortopedijos Projektai (the parent company of OrtoPro) in the take-over of approximately 30% of the shares in the company.	N/A	Lithuania
30-May	Motieka & Audzevicius Sorainen	Sorainen's Vilnius offices advised MG Valda on its acquisition of land at the former Skaiteks factory from Panevezio Keliai and closed what it describes as “one of the biggest real estate development transactions in Lithuania so far this year.”	N/A	Lithuania
2-Jun	Sorainen	Sorainen Lithuania advised the Enerstena Group, a group of companies in the Lithuanian energy sector, on its acquisition of Finnish company Nakkila Boilers.	N/A	Lithuania
7-Jun	Tark Grunte Sukiene	Tark Grunte Sutkiene advised the European Investment Bank on two new agreements entered into with Siauliu Bankas to support the refurbishment and modernization of multi-apartment buildings in Lithuania with an additional EUR 110 million under the Jessica II fund – EUR 70 million of which was contributed by Siauliu Bankas.	EUR 110 million	Lithuania
1-Jun	Baker Botts Sulija Partners	Sulija Partners advised AB AviaAM Leasin on its acquisition of four Airbus A321 aircraft from Russian carrier Aeroflot and on the further lease of the aircraft to Small Planet Airlines. Baker Botts assisted Aeroflot while Small Planet Airlines relied on its in-house counsel on the deal.	N/A	Lithuania Russia
25-Apr	ACI Partners DLA Piper	ACI Partners and DLA Piper successfully persuaded the Court of Appeal of Paris to annul an October 25, 2013 arbitral award by the ICC in the matter of Energoalians v. Republic of Moldova.	N/A	Moldova
8-Jun	CMS Kinstellar Turcan Cazac	Turcan Cazac assisted the EBRD in the restructuring and increase of its stake in Victoriabank, Moldova's third-largest lender, from 15% to 27.56%.	N/A	Moldova
9-May	CMS Essex Court Chambers Harrison's Partners Schoenherr	Schoenherr represented Montenegro in a successful investment dispute with MNSS B.V. and Recupero Credito Acciaio N.V. (both from the Netherlands) in an ICSID (AF) arbitration involving claims of over EUR 100 million. MNSS and Recupero Credito Acciaio, were represented by lawyers from Essex Court Chambers, CMS, and Harrison's Partners.	EUR 100 million	Montenegro
10-Jun	BDK Advokati	BDK Advokati assisted Net Holding on its entrance into a management agreement for the Casino Royale Splendid in the five-star Splendid Hotel.	N/A	Montenegro
18-Apr	CMS	CMS acted as legal advisor to ING Bank Slaski SA with regard to financing provided Unimot SA to purchase and store diesel fuel as required by the Polish Act on mandatory reserves of fuel.	N/A	Poland
18-Apr	Bierc Siwik & Partners	Bierc Siwik & Partner reported a second successful claim made on behalf of the Polish Association of Construction Industry Employers against the Poznan Division of the Polish General Directorate for National Roads and Motorways, again regarding the latter's failure to make its description and methods of evaluation of tenders sufficiently clear.	N/A	Poland
20-Apr	Crido Legal	Crido Legal advised Aon on the lease of approximately 11,000 square meters of office space in Krakow's Enterprise Park complex, provided in a “built to suit” system. The lease agreement was executed on March 31st, 2016.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
22-Apr	CMS	CMS Berlin advised Poland's Medort Group, a Lodz-based manufacturer of wheelchairs and supplier of rehabilitation equipment, on its acquisition – made via its German subsidiary, Meyra GmbH – of a majority stake in German wheelchair manufacturer Richter R.M.S.	N/A	Poland
22-Apr	Dentons Eversheds	Dentons advised AmRest Holdings SE on its acquisition of all partnership interests in Starbucks Coffee Deutschland Ltd. & Co. KG, the German subsidiary of the Starbucks group. Eversheds' Munich office advised Starbucks on the deal.	EUR 41 million	Poland
25-Apr	White & Case	White & Case advised the Republic of Poland on its issuance of a USD 1.75 billion ten-year benchmark bond.	USD 1.75 billion	Poland
27-Apr	Taylor Wessing	Taylor Wessing Warsaw supported GEA Process Engineering sp. z o.o. on the sale of a process line for drying dairy products to Grajewo-based Spółdzielnia Mleczarska Mlekpól.	N/A	Poland
2-May	Laszczuk & Partners	Laszczuk & Partners supported Velux Polska, a sales company belonging to the VKR Group, in negotiating a lease of 1,500 square meters of office space in The Park Warsaw office complex in Warsaw's Włochy district from developer and property manager White Star Real Estate.	N/A	Poland
3-May	Chajec, Don-Siemion & Zyto SKS Legal	Chajec, Don-Siemion & Zyto advised Solser Management Limited on the sale of the Centrum Mobilnych Technologii Mobiltek S.A. Group to the MCI Private Ventures FIZ closed investment fund. SKS Legal advised MCI Private Ventures on the deal, which closed in March 2016 following clearance from the Polish Antimonopoly Office.	N/A	Poland
3-May	Greenberg Traurig	The Warsaw office of Greenberg Traurig represented Cyfrowy Polsat and Polkomtel in the acquisition of Midas S.A., which closed on April 27, 2016.	N/A	Poland
6-May	Dentons Linklaters	Linklaters advised CBRE Global Investors in connection with its acquisition of the 44.4 thousand square-meter Jantar shopping center in Slupsk, Poland, from a subsidiary of Tristan Capital Partners. Dentons advised Tristan – which holds selling subsidiary Dormeo Investments in a 90/10% joint venture with minority shareholder Mayland Real Estate – on the EUR 92 million transaction.	EUR 92 million	Poland
6-May	Rapala Law Office	Poland's Rapala Law Office advised the Internet Ventures FIZ fund, managed by MCI Capital, in its investment in RemoteMyApp, a company which streams multimedia content from PCs to smartphones. Depending on the completion of conditions precedent, the investment may reach as much as PLN 6 million (approximately EUR 1.36 million).	EUR 1.36 million	Poland
9-May	Clifford Chance Gessel Weil, Gotshal & Manges	Clifford Chance announced that it advised a consortium of financial institutions made of up Alior Bank S.A. and PZU (a closed-end fund managed by PZU TFI) on the financing of the acquisition of ProService Agent Transferowy by a consortium of funds (Oaktree Capital and Cornerstone) from Highlander fund. Weil, Gotshal & Manges advised the consortium on the acquisition, while Gessel advised Highlander.	N/A	Poland
10-May	Studnicki Pleszka Cwiakalski Gorski	SPCG advised the PRA Group on its acquisition of 99.73% of shares of DTP S.A., for a total amount of PLN 174.5 million.	EUR 39.5 million	Poland
10-May	DJBW Danilowicz Jurcewicz Bieddecki i Wspólnicy White & Case	White & Case advised Jastrzebska Spółka Węglowa S.A. (JSW) and its subsidiary Spółka Energetyczna Jastrzebie S.A. (SEJ) on the sale of 100% of shares in Przedsiębiorstwo Energetyki Ciepłej S.A. (PEC) to PGNiG Termika. DJBW Danilowicz Jurcewicz Bieddecki i Wspólnicy advised PGNiG on the deal.	PLN 190.4 million	Poland
11-May	Squire Patton Boggs White & Case	Squire Patton Boggs advised INEOS Enterprises on the agreement it reached in principle to sell INEOS Styrenics, its Expandable Polystyrene Business, to Synthos S.A.. White & Case advised Synthos on the deal, which is likely to complete in the second half of 2016.	EUR 80 million	Poland
11-May	Dentons DLA Piper WKB Wiercinski, Kwieciński, Bahr	Dentons advised Grupa Energetyki Odnawialnej Renewables (GEO Renewables) on the sale of shares in an SPV operating the Lubartow wind farm in Poland to IKEA, and on an exchange of shares in the Ilza, Jedrzychowice, and Zgorzelec wind farms in Poland with EDP Renewables. WKB Wiercinski, Kwieciński, Bahr advised IKEA on the first deal, and DLA Piper advised EDP on the second.	N/A	Poland
12-May	CMS Weil Gotshal	CMS announced that it is acting as sole legal advisor for the Warsaw Stock Exchange debut of developer i2 Development, planned for the second half of May, and that it advised on the initial public offering of Dom Maklerski X-Trade Brokers S.A. (XTB), which debuted on the WSE on May 6 this year. Weil Gotshal advised XTB as the issuer's counsel on the IPO, while Greenberg Traurig advised investment banks J.P. Morgan, Pekao Investment Banking S.A., UniCredit Bank AG, London Branch, and IPOPEMA Securities S.A. on the XTB offering.	PLN 34 million	Poland
13-May	Drzewiecki Tomaszek	Drzewiecki Tomaszek announced that on April 29, 2016, the Regional Court for Warsaw – Śródmieście, as the court of first instance, accepted the statement of claim submitted by firm client Jedrzej Trzcinski against mBank S.A. in relation to the indexation clauses of a CHF-denominated mortgage loan agreement.	N/A	Poland
20-May	Janos & Dryll Kancelaria Prawna Wierzbicki Adwokaci i Radcowie Prawni	Wierzbicki Adwokaci i Radcowie Prawni advised Poland's ROBYG S.A. on its purchase of a property located in the Wola district of Warsaw, and the purchase of 99.74% of the share capital of Przedsiębiorstwo Zaplecza Technicznego TRANSBUD S.A., which operates on the property. The sellers were advised by Janos & Dryll Kancelaria Prawna.	N/A	Poland
20-May	Baker & McKenzie Clifford Chance	Clifford Chance advised a consortium consisting of the EBRD, Alior Bank, and Bank Ochrony Środowiska on facilities granted to companies from the group of Fieldon Investments spółka z ograniczoną odpowiedzialnością Wiatromill sp. z o.o., a subsidiary of Israel's Energix group, for the financing and refinancing and operation of the Banie wind farm with a capacity of 106 MW. Baker & McKenzie advised Energix on the deal.	PLN 552 million	Poland
20-May	Gessel	Gessel advised Polski Bank Komorek Macierzystych (Polish Stem Cell Bank) on its IPO and admission to shares to trading on the regulated market of the Warsaw Stock Exchange (main market).	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
20-May	FKA Furtek Komosa Aleksandrowicz Gorissen Federspiel Hannes Snellman	FKA Furtek Komosa Aleksandrowicz advised Viking Malt Oy on Polish aspects of its May 11, 2016, acquisition of 100% of the shares of Danish Malt Group, a Finnish malt producer, from the Carlsberg Group. The global advisor was Finland's Hannes Snellman law firm, with Gorissen Federspiel advising on Danish law.	N/A	Poland
23-May	CMS White & Case	CMS reported that the Regional Court in Warsaw had dismissed the statement of claim of Wytownia Sprzetu Komunikacyjnego "PZL-Swidnik" – the Polish subsidiary of Finmeccanica Helicopters – against the Polish State Treasury in a case involving a tender for the supply of 70 multi-functional helicopters to the Armed Forces of the Republic of Poland with a value of approximately EUR 3 billion. CMS represented Airbus Helicopters – the winner of the tender – and was supported on offset issues by lawyers from White & Case in Poland.	EUR 3 billion	Poland
23-May	DJBW Danilowicz Jurcewicz Biedicki i Wspolnicy Weil, Gotshal & Manges	DJBW Danilowicz Jurcewicz Biedicki i Wspolnicy advised Industrial Division's shareholders on the sale of part of their shares to a private equity fund managed by Abris Capital Partners. Weil, Gotshal & Manges advised the buyers.	N/A	Poland
24-May	Greenberg Traurig Magnusson	Magnusson advised UBS Real Estate GmbH, acting in its capacity as advisor for a German depositary bank that is currently administrating the German Special-AIF UBS (D) Sector 3 Real Estate Europe, on the sale of the Nova Praga office building in Warsaw to Mazovia Capital. Greenberg Traurig advised Mazovia Capital on the transaction.	N/A	Poland
26-May	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto advised SaveCartIM, a new marketing technology start-up, on an equity investment in the company by an unnamed investor, who assumed a 15% stake in the company for PLN 1 million. The founding shareholders retain the remaining shares.	PLN 1 million	Poland
27-May	White & Case	White & Case advised Wilmar Europe Holdings B.V. on its acquisition of a 50% equity interest in Erca Poland sp. z.o.o (JVC Poland) and Erca Home & Personal Care S.r.l (JVC Italy) from Societa Chimica Lombarda S.p.A.	N/A	Poland
2-Jun	Bierc Siwik & Partners	Bierc Siwik & Partners successfully represented Poland's POLMED SA medical company in proceedings before Poland's National Chamber of Appeals in a dispute involving a public service contract for the provision of comprehensive medical services to the Gas Transmission Operator Gaz-System S.A. for a period of 36 months.	N/A	Poland
7-Jun	Laszczuk & Partners	Laszczuk & Partners reported that Poland's Supreme Administrative Court has agreed with its argument, made on behalf of firm client the Holy Trinity Parish, that a hotel with a restaurant cannot be built within a 50-meter buffer zone around active cemeteries.	N/A	Poland
8-Jun	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto won a tender to provide legal services to PGE Energia Odnawialna S.A.	N/A	Poland
8-Jun	Drzewiecki Tomaszek	Drzewiecki Tomaszek reported that, on May 6, 2016 the Regional Court in Warsaw, as the court of second instance, ruled that a contractual provision applied by Bank Millennium S.A. passing the cost of a loan insurance policy on to the borrower was unfair and not binding.	N/A	Poland
10-Jun	Kochanski Zieba & Partners	Kochanski Zieba & Partners and Dentons (New York) are acting for Darley Energy PLC as it commences a EUR 1.4 billion investment arbitration dispute against the Republic of Poland.	EUR 1.4 billion	Poland
19-Apr	Clifford Chance D&B David si Baia Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised Cristian Amza, the founder and CEO of La Fantana, on his purchase, along with Sweden's Oresa private equity fund, of all the shares of the water solutions provider from Poland's Innova Capital private equity fund. Oresa was advised by D&B David si Baia, while Innova Capital was advised by Clifford Chance Badea.	N/A	Romania
21-Apr	BPV Grigorescu Stefanica Popovici Nitu Stoica & Asociatii	BPV Grigorescu Stefanica advised the Dent Estet chain of dental clinics and its founder, Oana Taban, on the acquisition of a majority stake in Dent Estet by private healthcare services provider MedLife. Popovici Nitu Stoica & Asociatii advised MedLife on the deal.	N/A	Romania
22-Apr	Bondoc & Asociatii	"Bondoc & Asociatii assisted eMag on its acquisition of PC Garage in Romania.	RON 1 million	Romania
25-Apr	Bondoc & Asociatii Tumbar Cega & Popa	Bondoc & Asociatii assisted Centrul Medical Unirea S.R.L. its acquisition of the Helios Medical Center in the city of Craiova, Romania. The seller was assisted by Craiova-based firm Tumbar Cega & Popa.	N/A	Romania
27-Apr	Noerr Tuca Zbarcea & Asociatii	Noerr advised Japan's Nidec Corporation on its acquisition of approximately 94.8% of the shares of Romania's ANA IMEP S.A. Tuca Zbarcea & Asociatii advised the seller on the deal.	N/A	Romania
29-Apr	BPV Grigorescu Stefanica	"BPV Grigorescu Stefanica advised Wienerberger, the largest producer of bricks and ceramic blocks in Romania, on its acquisition of a brick factory in Berca, Romania, from Constanta-based Search Chemicals.	N/A	Romania
2-May	Bondoc & Asociatii	Bondoc & Asociatii advised Valad Europe on its acquisition, made alongside one of its global institutional investor partners, of all of the assets owned by the Central European Industrial Fund, managed by Aviva Investors. As part of the transaction, pbb Deutsche Pfandbriefbank refinanced a EUR 160 million loan against the portfolio.	N/A	Romania
12-May	Musat & Asociatii	Musat si Asociatii has successfully represented Societatea Romana de Televiziune in an international commercial arbitration involving claims filed by the American film production and licensing company New Films International Inc..	N/A	Romania
17-May	Dentons Freshfields Nestor Nestor Diclescu Kingston Petersen	Dentons advised CEFC Hainan International Holding Co. in its acquisition of a majority stake in KMG International. The seller was advised by Freshfields, with Nestor Nestor Diclescu Kingston Petersen acting as local Romanian counsel.	N/A	Romania
12-May	Musat & Asociatii	Musat si Asociatii has successfully represented Societatea Romana de Televiziune in an international commercial arbitration involving claims filed by the American film production and licensing company New Films International Inc..	N/A	Romania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
17-May	Dentons Freshfields Nestor Nestor Diculescu Kingston Petersen	Dentons advised CEFC Hainan International Holding Co. in its acquisition of a majority stake in KMG International. The seller was advised by Freshfields, with Nestor Nestor Diculescu Kingston Petersen acting as local Romanian counsel.	N/A	Romania
30-May	Bratschi Wiederkehr & Buob Lombardi Molinari Segni Studio Legale Luther Law Firm Osborne Clarke Squire Patton Boggs	Osborne Clarke advised US client Accelovance Inc on the acquisition by its UK subsidiary Accelovance Europe Holding Limited of four THERAMetrics clinical research organization subsidiaries in Germany, Italy, and Romania from Swiss stock exchange listed THERAMetrics Holding AG. Kinstellar supported Osborne Clarke on Romanian matters, and Bratschi Wiederkehr & Buob, Squire Patton Boggs, Luther Rechtsanwaltsgesellschaft, and Lombardi Molinari Segni Studio Legale advised the seller.	N/A	Romania
1-Jun	Allen & Overy (RTPR Allen & Overy)	RTPR Allen & Overy advised private equity fund PAI partners, owner of R&R Ice Cream, on Romanian elements of its joint venture with Nestle to form a new entity which will be called Froneri. The joint venture covers markets in Europe, the Middle East, Africa, South America, and the Philippines, and will employ more than 15,000 people. Allen & Overy was global counsel to R&R Ice Cream on the deal, which is expected to close around the end of the year.	N/A	Romania
3-Jun	Buzescu Ca	Buzescu Ca announced that it assisted Coba International Ltd. with the purchase of land in the Allianso Business Park for the development of a plant and offices project.	N/A	Romania
6-Jun	MDM Legal	MDM Legal, representing KLM Royal Dutch Airlines, notified the European Council of an inconsistency between the English and Romanian versions of Regulation (EC) no. 2612004 of the European Parliament and of the Council, which directly affected its client and other airline operators. As a result of the firm's notification, the linguistic error was rectified in April 2016.	N/A	Romania
10-Jun	Gabriela Assoum Predescu Nestor Nestor Diculescu Kingston Petersen	Nestor, Nestor Diculescu Kingston Petersen advised the TVH Group on its acquisition of 100% of the shares in Industrial Access SA, a premium provider of equipment rental services in South Eastern Europe, from the Balkan Accession Fund (BAF), a private equity fund advised by Axxess Capital, and Stefan Ponea, founder and CEO of Industrial Access. Sole practitioner Gabriela Assoum Predescu advised the sellers on the transaction.	N/A	Romania
29-Apr	Cleary Gottlieb Hanotiau & van den Berg Houthoff Buruma	Acting on behalf of the Russian Federation, Cleary Gottlieb and the Belgian Hanotiau & van den Berg law firm (which Cleary instructed) successfully persuaded the District Court of The Hague to set aside the landmark July 2014 arbitral award ordering the Russian Federation to pay over USD 50 billion to the former majority shareholders of Yukos Oil Company. Cleary Gottlieb also engaged Netherlands-based Houthoff Buruma to provide further Dutch law support.	N/A	Russia
3-May	Baker & McKenzie Herbert Smith	Baker & McKenzie advised Walgreens Boots Alliance on the sale of its local pharmaceutical wholesale business, Alliance Healthcare Russia, to leading Russian health and beauty retailer 36.6. Herbert Smith Freehills advised 36.6 on the deal, which resulted in Walgreens Boots Alliance owning a 15% stake in the 36.6 group.	N/A	Russia
9-May	Baker & McKenzie Harneys White & Case	White & Case advised J.P. Morgan, UBS, and VTB Capital as joint global coordinators and joint bookrunners on a USD 250 million, Rule 144A/Regulation S equity offering by ROS AGRO PLC of global depositary receipts listed on the London Stock Exchange and MICEX Stock Exchange. Baker & McKenzie and Harneys advised ROS AGRO PLC on the matter.	USD 250 million	Russia
12-May	CMS Hogan Lovells	CMS advised PJSC Uralkali on its new USD 1.2 billion pre-export finance facility arranged by, among others, ING Bank N.V., Natixis, AO Unicredit Bank, Sberbank Europe AG, Societe Generale, and Public Joint-Stock Company Rosbank. The lenders were represented by Moscow and London offices of Hogan Lovells.	USD 1.2 billion	Russia
13-May	Alrud	Alrud announced that it advised Russian mining and metals company Mechel PAO in offering Gazprombank AO the option to purchase 49% of shares in the Elga coking coal deposit development project for RUB 34.3 billion.	RUB 34.3 billion	Russia
24-May	Egorov Puginsky Afanasiev & Partners	Egorov, Puginsky, Afanasiev & Partners successfully defended the interests of Transammiak against a claim brought by Russia's Federal Service for the Supervision of Use of Natural Resources for damages relating to an ammonia leak.	RUB 12 million	Russia
2-Jun	Eterna Law	Eterna Law advised Alexander Chernyak – a co-founder of the Russian used cars broker Car-Price – on his investment into the Brazilian analogue service Instacarro.	N/A	Russia
3-Jun	Liniya Prava	Liniya Prava assisted Tom Tailor Rus LLC, the Russian arm of the Tom Tailor Group, on a potential accession to a major facilities agreement entered into by the Tom Tailor Group and a pool of foreign credit institutions.	N/A	Russia
6-Jun	Liniya Prava	Liniya Prava provided legal counsel to LLC Transport Concession Company on the concession agreement it entered into on May 30th with the Government of St. Petersburg for the creation and reconstruction of a tramway network in the Krasnogvardeiskiy district of St. Petersburg.	RUB 8.9 billion	Russia
18-Apr	BDK Advokati Cleary Gottlieb Gecic Law KPMG	BDK Advokati advised China's He Steel on the acquisition of core assets from Serbia's state-owned Steel Mill Smederevo in the process of privatization. The Asset Purchase Agreement was signed on Monday, April 18, 2016, which, according to BDK, makes it one of the largest privatization deals in Serbia in the past 10 years. Serbia's Gecic Law firm advised Steel Mill Smederevo and the Government of Serbia on the deal, working with the legal team at KPMG Serbia and international counsel Cleary Gottlieb	EUR 46 million	Serbia
26-May	Dentons Karanovic & Nikolic	Karanovic & Nikolic and Dentons advised Jet Airways (India) Limited in an aircraft leasing transaction that will enable the long-haul trans-Atlantic route between Serbia and the United States (Belgrade-New York) to be restored.	N/A	Serbia

TURUNÇ*

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17-May	Taylor Wessing	Taylor Wessing announced that, since 2014, it has been providing Salesianer Miettex with legal advice on the purchase of an appropriate land plot to develop an industrial laundry, on acquisition of zoning and building permits, on negotiations with builders and suppliers of technology, and on labour law issues connected with the launch of its operation.	N/A	Slovakia
30-May	Dedak & Partners Orrick Relevans	Orrick and Dedak & Partners advised a consortium of international private equity firms including Bessemer Venture Partners, Columbia Capital, HarbourVest Partners, Innova Capital, MC Partners, and Oak Investment Partners, in the sale of Slovakian telecommunications provider Benestra to Sandberg Capital. The Slovak Relevans law firm advised Sandberg on the transaction.	N/A	Slovakia
31-May	Freshfields PRK Partners White & Case	White & Case advised the Slovak Republic on a Public Private Partnership project for the design, construction, finance, operation, and maintenance of the country's D4 Highway and the R7 Expressway. Freshfields and PRK Partners advised Zero Bypass Limited – the consortium consisting of Cintra Infraestructuras Internacional S.L.U., Macquarie Corporate Holdings Pty Limited, and Porr AG – on its successful bid.	EUR 1.7 billion	Slovakia
27-Apr	Dentons ODI Law Odvetniki Vidmar Zemljarić	Dentons and ODI advised Innova Capital on EUR 27 million financing of Slovenia's Trimo Group provided by Nova Ljubljanska Banka, d. d., Ljubljana. Odvetniki Vidmar Zemljarić advised Nova Ljubljanska Banka.	EUR 27 million	Slovenia
3-May	KRB ODI Law Firm	ODI advised Polish investor Aluform, a subsidiary of Grupa Kety S.A., in the Slovene privatization process of AHA EMMI Predelava Aluminija, d.o.o. based in Slovenska Bistrica, organized via a competitive international public tender. Aluform, as winning bidder, acquired 100% of the business and receivables of AHA EMMI from owner Bank Assets Management Company (BAMC) for a total price of EUR 2.5 million. KRB advised BAMC on the sale agreement, which was signed on March 26, 2016 with several conditions precedent, including notification of the Slovenian Competition Authority.	EUR 2.5 million	Slovenia
21-Apr	King & Spalding Paksoy	Paksoy advised Nurol Yatirim Bankasi A.S. on the issuance of USD 10 million Tier 2 notes due 2026. King & Spalding acted as counsel on English law aspects of the deal.	USD 10 million	Turkey
25-Apr	Baker & McKenzie (Esin Attorney Partnership) Dentons Djingov, Gouginski, Kyutchkov & Velichkov;	Dentons – working alongside Bulgaria's Djingov, Gouginski, Kyutchkov & Velichkov – advised the shareholders on the sale of 100% of City Hospitals and Clinics AD in Bulgaria to Acibadem Saglik Hizmetleri ve Ticaret A.S. ("Acibadem"). The Esin Attorney Partnership – the Turkish member firm of Baker & McKenzie international – advised Acibadem on the acquisition, as well as on its simultaneous acquisition of the Bulgaria-based Tokuda Hospital, and its merger of the two.	N/A	Turkey
28-Apr	Paksoy Reed Smith	Paksoy announced that it advised the EBRD on a USD 100 million facility agreement with Turk Telekomikasyon A.S. Reed Smith acted as counsel to the EBRD on English law aspects of the deal.	USD 100 million	Turkey
9-May	Hogan Lovells Paksoy	Paksoy acted as local counsel to mandated lead arrangers and bookrunners ABC Islamic Bank (E.C.), Dubai Islamic Bank PJSC, HSBC Bank Middle East Limited, and Warba Bank K.S.C.P on a USD 155 million syndicated Murabaha financing facility of Turkey's first state-owned Islamic participation bank, Ziraat Katilim Bankasi A.S. ("Ziraat Participation"). Hogan Lovells acted as counsel on English law aspects of the deal.	USD 155 million	Turkey
12-May	Moral Law Firm Taylor Wessing	The Moral Law Firm, acting in cooperation with Taylor Wessing Germany, advised IKB Deutsche Industriebank AG on matters related to financing provided to the Janoschka Group.	N/A	Turkey
18-May	Linklaters	Linklaters advised Turkiye Sinai Kalkinma Bankasi A.S. (TSKB) on a USD 300 million green bond issuance, the first ever green bond from Turkey and only the second within the CEEMEA region. The proceeds will be used for private sector investments in renewable energy, energy efficiency, and other areas that reduce greenhouse gas emissions.	USD 300 million	Turkey
23-May	Baker & McKenzie (Esin Attorney Partnership)	The Esin Attorney Partnership and Baker & McKenzie assisted ING with its provision of a EUR 36.1 million Euler Hermes-covered term loan facility to Saglik Hizmetleri ve Ticaret A.S., one of Turkey's leading healthcare groups, for the purchase of healthcare equipment from a German manufacturer.	EUR 36.1 million	Turkey
24-May	Gur Law Firm	The Gur Law Firm advised and represented National Cotton Council of America and 12 of the 24 cooperating trading companies in an anti-dumping investigation carried out by Turkey's Ministry of Economy concerning imports of cotton originating from the United States America.	N/A	Turkey
3-Jun	Dentons (BASEAK) Pekin & Bayer	Balcioglu Selcuk Akman Keki – the Turkish arm of Dentons – advised Bridgepoint on its acquisition of Peyman, the Turkish packaged dried fruit, nuts and seeds producer, from its founders and Esas Holding for an undisclosed sum. Pekin & Bayer advised the sellers.	N/A	Turkey
6-Jun	Dentons (BASEAK)	The Competition and Regulation team at BASEAK – the Turkish arm of Dentons – successfully represented Yemek Sepeti Elektronik Iletisim Tanitim Pazarlama A.S. ("Yemek Sepeti") in a hearing before the Turkish Competition Authority. The hearing was the final stage of the Authority's ongoing investigation into Yemek Sepeti.	N/A	Turkey
7-Jun	Baker & McKenzie (Esin Attorney Partnership)	The Esin Attorney Partnership, a member firm of Baker & McKenzie International, represented The Abraaj Group in connection with its acquisition of a minority stake in Fibabanka A.S. via a privately negotiated share subscription agreement executed with Fiba Group.	N/A	Turkey
19-Apr	Clifford Chance Redcliffe Partners	Redcliffe Partners supported the EBRD in launching the debut EUR 75 million Ukraine Residential Energy Efficiency Financing Facility (the "Program"), which will be available to eligible borrowers through Ukrainian partner banks UkrSibbank, OTP Bank, and Megabank. Clifford Chance Moscow provided English law advice relating to the Program.	EUR 75 million	Ukraine

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
22-Apr	Vasil Kisel and Partners	"Vasil Kisel & Partners advised NICMAS (formerly known as UkrRosMetal) on issues related to the corporate restructuring of its group (which includes more than 30 Ukrainian and foreign companies).	N/A	Ukraine
2-May	Sayenko Kharenko	Sayenko Kharenko acted as lead counsel on the admission of the entire issued shares of natural resource company Bluebird Merchant Ventures Ltd. to the Standard Listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange.	N/A	Ukraine
3-May	Linklaters Redcliffe Partners	Redcliffe Partners advised the EBRD on Ukrainian law aspects of its USD 85 million financing to Myronivsky Hliboproduct, part of the MHIP Group, which is one of the largest agricultural producers in Ukraine. Linklaters Warsaw advised the EBRD on English law aspects of the deal.	N/A	Ukraine
6-May	Avellum Freshfields Linklaters	Freshfields Bruckhaus Deringer, on a global level, and Avellum, in Ukraine, advised the Canada Pension Plan Investment Board on its acquisition of a 40% stake in Glencore Agricultural Products ("Glencore Agri"), valuing Glencore Agri at USD 6.25 billion. Linklaters advised Glencore Agri on the deal, which is expected to be completed in the second half of 2016, subject to regulatory approval. Glencore Agri will retain the remaining 60% of shares in the business.	N/A	Ukraine
9-May	Sayenko Kharenko	Sayenko Kharenko acted as legal counsel to U&Sluno, a provider of IT and consultancy services in trade, logistics and distribution, on pretrial matters related to U&Sluno's attempts to recover penalties and damages in Ukrainian courts from parties it alleges violated the terms of general cooperation agreements.	N/A	Ukraine
13-May	AstapovLawyers	AstapovLawyers acted as legal advisor to Kyiv's Euro Marathon.	N/A	Ukraine
16-May	Avellum Sayenko Kharenko Linklaters	Sayenko Kharenko and Linklaters advised the banks and Avellum and White & Case advised the Ukrainian Ministry of Finance on a series of significant loan restructurings to the State Road Agency of Ukraine.	N/A	Ukraine
17-May	Clifford Chance Redcliffe Partners	Redcliffe Partners acted as Ukrainian counsel to Sberbank of Russia and Deutsche Bank on the restructuring of a USD 600 million syndicated loan provided to Uklandfarming, one of the largest agricultural holding companies in Eurasia. The restructuring involves amendments to the Facility Agreement and related financial documents, and covers several jurisdictions, including the UK. Clifford Chance advised on matters of English law.	USD 600 million	Ukraine
17-May	Schnitzer Law	Schnitzer Law advised Ukraine on the accession process to the World Trade Organisation's Government Procurement Agreement, which the country will become an official member of on May 18, 2016.	N/A	Ukraine
18-May	Sytnyk & Partners	Sytnyk & Partners advised JT International Holding B.V. (Amstelveen, the Netherlands) on obtaining merger clearance from the Antimonopoly Committee of Ukraine in connection with its acquisition of shares in La Tabacalera, S. A. (Santo Domingo, Dominican Republic), that confers 50% of the voting rights in the highest management body of the company.	N/A	Ukraine
18-May	Legal Alliance	Ukraine's Legal Alliance law firm represented the interests of GlaxoSmithKline Ukraine before the Antimonopoly Committee of Ukraine and obtained the Committee's approval for a marketing agreement entered into between several pharmacies and pharmacy chains.	N/A	Ukraine
24-May	ANK Clifford Chance Redcliffe Partners	Redcliffe advised the EBRD in connection with a USD 40 million financing of GNT Group, an integrated grain supply chain and export logistics group which operates in Odessa Seaport. Clifford Chance advised the EBRD on the English and UAE law aspects of the financing, while the ANK law firm advised the GNT Group on the deal.	USD 40 million	Ukraine
3-Jun	Asters	Asters acted as local transaction counsel to the International Finance Corporation in connection with USD 10 million financing to Integrated Agrosystems, a member of the Agrofusio Group.	USD 10 million	Ukraine
6-Jun	Sytnyk & Partners	Sytnyk & Partners advised JT International Holding B.V. (Amstelveen, the Netherlands) on obtaining merger clearance from the Antimonopoly Committee of Ukraine in connection with acquisition of shares in Santa Fe Natural Tobacco Company Germany GmbH (Hamburg), Santa Fe Natural Tobacco Company Japan K.K. (Tokyo), Santa Fe Natural Tobacco Company Italy S.r.l. (Rome), and SFR Tobacco International GmbH (Zurich), that confer more than 50% of the voting rights in the highest management body of each company.	N/A	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: April 18, 2015 - June 10, 2016

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

Addition Then Merger at forme AstapovLawyers



It's been a period of change for AstapovLawyers.

First, in late April, AstapovLawyers' Moscow office announced that it had merged with Luxury Retail Consulting, a luxury brands focused agency, with Daria Goulko, Luxury Retail's former Managing Partner and CEO, joining the firm as Partner and Head of the new Luxury Retail Practice, operating within and under the AstapovLawyers brand.

According to AstapovLawyers, "Luxury Retail Consulting was founded as a firm of advisers offering overall support to luxury retail brands entering or already operating in Russian and CIS markets. LRC boasts unique expertise in setting up businesses, creating and implementing all key policies and procedures, launching local legal processes, negotiating and formalizing boutique, office, and storeroom leases, pursuing a brand's interests in boutique construction and pre-opening phases, protecting brands from illegal use, generating an efficient document base to serve the brand's interests in employer-employee relations, training staff on laws and regulations, assisting in resolving employer-employee conflicts, and representing brands during government-initiated audits and legal actions and in other matters."

Subsequently, in mid-May, AstapovLawyers announced a firm-wide merger with Baltic Business Group, a European firm with offices in Germany and Latvia, and the rebranding of the entire operation as "Eterna Law". The merger became effective on May 16, 2016.

According to a statement released by the former AstapovLawyers, "the combination and the resulting strengthening of the Group with the offices in Dusseldorf and Riga are to meet the expectations of businesses that are heavily considering the possibility of entering European markets." The firm also stated that "the two law firms coming together under a common brand name was a strategic goal for the Group that always strives to expand its geographical presence and product range for the benefit of clients.

This is a logical step on the way to creating a full-service law firm present in Europe and the CIS. The Group's presence in the two key business countries of Europe will offer an opportunity for clients to obtain advice in these states directly and will allow for more efficient use of EU funds. Germany and Latvia are among most business friendly countries in the world standing at 15 and 22 in the aggregate ranking on the ease of doing business, respectively."

Eterna will have five offices – with one each in Kyiv, Almaty, Moscow, Dusseldorf, and Riga. Eterna also announced its intention to expand its European presence further, and reported that the opening of a Vienna office is "forthcoming."

Team from Sorainen Starts New Disputes Boutique in Estonia



The Nove firm – a boutique handling complex business disputes, composed of former Sorainen attorneys Andrus Kattel, Veikko Puolakainen, Kristjan Tamm, and Urmas Volens – has opened its doors in Tallinn.

"Nove's motto is 'less, but better,'" explains Nove Partner Urmas Volens, who is also an Associate Professor in the Faculty of Law at the University of Tartu. "We will never start measuring our work by quantity. Our goal is to ensure that every client is guaranteed the attention of a Nove Partner."

Nove claims that its pricing model will not be based on the traditional hourly billing method. According to Volens, "considering our extensive experience in legal services, in most cases we are able to offer a project-based fixed-fee arrangement that allows the customer to get a clearer picture of possible costs in the early phases. This also motivates us to work within the agreed framework."

In addition to assisting its clients in resolving complex business disputes once they've started, Nove expects to help its clients avoid them. "As the best disputes are those that never happen, Nove also offers legal services which aim is to prevent disputes – drafting and negotiating contracts and corporate documents," Volens says.

A2O Joins Growing List of New Vienna Firms



Marie-Agnes Arlt, Martin Oppitz, and Hermann Ortner have launched A2O – a new Austrian law firm specializing in corporate law, banking and capital markets, real estate, and dispute management.

Prior to establishing A2O – the name comes from the first letters of the Partners' surnames – Arlt was a Contract Partner with Kunz Schima Wallentin, while Ortner and Oppitz were Partners with Grohs Hofer.

An A2O press release stated: “We have observed a change in that the legal business is heading in the direction of smaller but very experienced teams. You have more issues which require in-depth legal know-how and which are interconnected, so you have to be very experienced – and you have the duty to work effectively for your client. So we decided to work together, offering all the classical core issues of a business law firm: banking/finance, M&A, real estate, and dispute management.”

The arrival of A2O is part of a recent trend of split-offs in Austria, described in the August 2015 issue of the CEE Legal Matters magazine.

Spenser & Kauffmann Opens Private Clients Practice



Ukraine's Spenser & Kauffmann law firm has announced the opening of a Private Clients Practice, headed by Counsel Tetyana

Ivanovych, who joins the firm from Vasil Kisel & Partners.

According to Spenser & Kauffmann, “Tetyana Ivanovych specializes in providing the full range of services to high-net-worth individuals. She has substantial expertise in both private client and family work that makes her one of the very best of the small number of practitioners who provide these specialized services in Ukraine.”

The firm reports that Ivanovych, who had been at Vasil Kisel since 2007, specializes in “advising wealthy Ukrainian individuals, including shareholders of private and family owned businesses, on domestic and international wealth structuring, management and succession using, inter alia, such vehicles as trusts and foundations as well as other financial structures,” and says that she “helps families in developing effective wealth protection and wealth preservation strategies that is a number one priority for Ukrainian high-net-worth businessmen.”

“Ukrainian first-generation businessmen are now paying much attention on the issues of wealth management and succession,” commented Spenser & Kauffmann Managing Partner Valentyn Zagariya. “Wealthy Ukrainians are more and more concerned with ensuring that their wealth is professionally managed and will be safely transferred through generations. That is why I am deeply convinced that Tetyana's experience and skills in matters of private wealth structuring as well as family and inheritance work will certainly be high in demand in the Ukrainian legal market.”

Jeantet Trumpets New Moscow Office



Jeantet – the French firm that took over Gide Loyrette Nouel's offices in Budapest and Kyiv in October 2015 – has now opened an office in Moscow as well. The firm now has a presence in seven countries worldwide, and it claims that, as a result of its Moscow opening, it “is now the most dynamic French law firm in Eastern Europe.”

The new Moscow office is run by former Gide Moscow MP David Lasfargue and employs 15 people, including 10 lawyers and legal experts. Lasfargue began his career at the Prague office of Gide in 1995, before joining the Economic Law department in Paris. In 2001, he was appointed Head of Gide's Moscow office and became Partner in 2006. He was a member of Gide's Executive Committee from 2012 to 2015.

“I am delighted to join Jeantet and to offer my experience to its dynamic and smart international development strategy,” said Lasfargue. “Both my team and I are highly motivated to share our vast knowledge of this market with our clients, in a spirit of excellence and with the necessary flexibility to meet their needs.”

“The opening of the Moscow office is a major step in the inter-



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national development of Jeantet, which is now the most dynamic French law firm in Central and Eastern Europe,” said Loraine Donnedieu de Vabres-Tranie, a member of Jeantet’s Managing Partners board. “Despite the crisis, we have confidence in the Russian market where France is one of the top foreign investors and we are very proud to open an office, with David Lasfargue and his team of seasoned Russian and international lawyers.”

Just last month, Gide announced that it had handed over management of its Moscow office to Partner Tim Theroux.

TGS Rebrands as Derling in Estonia



The TGS firm in Estonia – the team that split off from Tark Grunte Sutkiene shortly before that firm announced its tie-up last month with Varul in Estonia – has changed its name to Derling.

The news of Derling’s launch concludes the fall-out of Tark Grunte Sutkiene’s announcement in mid-April that it would be merging with Varul’s Estonia office, which resulted in a whirlwind of new players, spin-offs, and alliances in the Baltics. First came the announcement that most of Tark Grunte Sutkiene’s previous team in Estonia would be splitting off and operating going forward as TGS. Then came the announcement that the remainder of Tark Grunte Sutkiene’s pre-Varul office would be operating independently as Tark. Shortly thereafter, Varul’s Lithuanian and Latvian offices announced that they had joined up with Primus and BDO Legal, respectively. TGS’s rebranding as Derling appears to bring this process to a close.

A fuller consideration of the fall-out of these changes can be found in The Buzz article for Estonia, based on a conversation with Varul Managing Partner Martin Tamme (see page 26).

Hannes Vallikivi, the Managing Partner of Derling, explained his firm’s decision to rebrand: “I can say on behalf of our highly capable and motivated team that we are extremely excited about starting operations under the new name and would like to continue finding the best innovative solutions for the challenges faced by our clients. I am sure that establishing a new law firm was the right decision. It has contributed to increasing the efficiency of our team and modernizing the firm, allowing us to offer even more efficient and personalized services. Our name means ‘favorite’ in Old English and was inspired by a lawyer named Magnus Derling who practiced in Tallinn in the 17th century. Our attorneys have

been the favorite providers of legal services to many of our local and international clients, and we are confident we will keep holding this position in the future.”

Guner Legal Launched as Part of PETI Consultancy in Turkey



Former Esin Attorney Partnership lawyer Hasmet Ozan Guner has launched the Guner Legal law firm in Istanbul as part of the PETI investment consultancy, which describes itself as “a one-stop consultancy firm to meet local and international companies’ full-fledged consultancy service needs in Turkey.”

According to Guner, “we aim at providing full-fledge consultancy in Turkey to local and foreign investors with our members, and where necessary, with our business partners from other professions. Our strongest sides are Commercial Law, Pharmaceuticals & Healthcare Regulations, Administrative Law, Commercial and Administrative Disputes, Urbanism, Real Property Law, Cultural Property Law and Labor Relations and Social Security Law.”

Among Guner’s publications is a June 2015 article he co-authored for the CEE Legal Matters magazine about a major shift in the Turkish pharmaceuticals and medical devices industries initiated by the Turkish government in favor of domestically manufactured products.

SOG Announces Office in Bosnia and Herzegovina



SOG Samardzic Orseki & Grbovic has announced the official opening of its office in Bosnia and Herzegovina, led by Ana Grubac (who specializes in corporate, taxation, banking, and secu-

rities trading) and Jovana Pusac (who also specializes in corporate and commercial law, as well as commercial litigation).

According to a press release issued by the firm, “SOG has been successfully cooperating with the new local partners on a number of projects, and this step exemplifies our mutual commitment to providing top tier legal services across the region.”

Redcliffe Partners Launches Specialized Compliance Practice



Redcliffe Partners has announced the launch of a full-service Compliance practice, led by new Counsel Ario Dehghani, who joins the Ukrainian firm in Kyiv from Hogan Lovells in Munich.

According to a Redcliffe press release, its Compliance practice “includes US and EU-qualified lawyers, as well as Ukrainian associates and litigators, and supports international clients doing business in Ukraine, as well as Ukrainian companies seeking foreign investments.”

At Hogan Lovells, Dehghani practiced law for over seven years, focusing on several fields in compliance, including the Foreign Corrupt Practices Act, the UK Bribery Act, anti-corruption, and internal compliance investigations.

The Redcliffe Compliance team also includes Partner Rob Shantz and Partner Sergiy Gryshko, both of whom joined the firm last December.

Petsche Pollak to Concentrate on Dispute Resolution



Simone Petsche-Demmel and Andreas Pollak – two-thirds of the former Oehner Petsche Pollak firm in Austria – have announced the departure of Christian Oehner and their firm’s reincarnation

as Petsche Pollak, which they describe as “one of the leading Austrian boutique law firms, [concentrating] its focus solely on dispute resolution, specifically litigation, arbitration, and white collar crime.” The firm also announced the arrival of new Of Counsel Markus Petsche.

According to Partner Simone Petsche-Demme, focusing the portfolio on litigation, arbitration and white collar crime is a result of the increasing market demand for exclusive and specialized law firms. “To us, concentrating our services is a logical step in strengthen our position as leading boutique law firm. As such we further expand our expertise and make Petsche Pollak the first-choice partner for leading corporations in all aspects of conflict management and prevention, especially in cross border matters and white collar crime.”

“Our clients value our experience and internationally recognized expertise in our core areas litigation, arbitration and white collar crime,” adds Andreas Pollak. “With this step we emphasize our specialization and increase the efficiency of our services.”

Spenser & Kauffmann Opens Labor and Employment Practice



Ukraine’s Spenser & Kauffmann has announced the opening of a Labor and Employment Practice, headed by Counsel and former Vasil Kisl & Partners lawyer Tetyana Ivanovych.

According to an S&K press release, its Labor and Employment team will advise “on all aspects arising out of employment relations, including: (1) Risk assessment during hiring, transfer and dismissal of personnel of all levels, including senior and top-management; (2) Assisting in international mobility of executive personnel and compliance of the procedure with labor, corporate, and tax laws; (3) Employment agreements and contracts, non-disclosure agreements, non-compete agreements, service provision agreements; (4) Incentive Programs, Motivational Schemes, Employee Share Plans; (5) Collective bargaining agreements, strikes and trade unions; (6) Transfer of employees, downsizing, restructuring; (7) Employment of foreigners, work permits; (8) Compensation programs, taxation, local policies; (9) Lay-offs and peaceful settlements; (10) Labor disputes; and (11) Disciplinary proceedings.

“I am most excited in my new role as the Head of Labor and Employment Practice,” said Ivanovych. “I see this as a great op-

portunity to continue one of the main areas of my work and want to thank the firm for all the support and confidence shown in my ability to lead this practice. Especially since we anticipate the long-awaited new Labor Code to be passed already this year. In terms of harmonizing Ukrainian legislation with EU legislation, labor law is no exception, and Ukraine has committed to aligning its legislation to seven EU directives. These transformations will push for greater openness of the labor market at the same time, however, providing decent working conditions.”

Triniti Lithuania Adds Team and Practice Group



Triniti has announced both that former Balticlaw Partner Deivis Valiulis has joined it with a team from his previous firm and that the firm has established a new Energy and Infrastructure practice group, headed by Partner Vytautas KalmataVICIUS.

The five lawyers moving over from Balticlaw will join Triniti’s Real Estate and Dispute Resolution practice groups, with Valiulis –who joins as a Partner – taking over as head of the former.

“We have taken the growing need of our customers and the increased demand for legal services into account,” said Triniti Managing Partner Linas Sabaliauskas, commenting on his new colleagues. “Therefore we are very pleased that the new Partner with an excellent team of professionals decided to join our team. We are sure that due to these changes we will be able to provide our customers with more innovative and efficient solutions and do our best to help clients to succeed.”

Speaking of his decision to move, Valiulis said: “it is very important for us that our customers receive only the highest level of legal advice. Therefore, we have always been fascinated by the expertise and professionalism of the Triniti law firm. In addition, we have taken into consideration that Triniti has significantly strengthened the areas of its practice; we have seen the firm’s’ breakthrough in the market. Therefore we decided to seize the opportunity to join the firm’s office in Lithuania. We are glad that we share the same values of business with Triniti: high professional standards, responsible approach to the quality of service, and customer focus. Together we will seek to ensure the highest quality of legal services to our clients.”

Helpful Tips



If you have any information about major acquisitions, lateral moves, office closings, or other developments of significance in a CEE legal market, please contact us at press@ceelm.com.

Confidentiality is guaranteed.

Summary Of New Partner Appointments

Date Covered	Name	Practice(s)	Firm	Country
11-May	Mirko Daidone	Corporate/M&A	CMS	Albania
3-May	Elisabeth Stichmann	Corporate/M&A	DLA Piper	Austria
8-Jun	Alexander Haas	Banking/Finance	Wolf Theiss	Austria
11-May	Elitsa Ivanova	Banking/Finance	CMS	Bulgaria
22-Apr	Milos Felgr	Banking/Finance	Clifford Chance	Czech Republic
3-May	Liisa Linna	Infrastructure/PPP	Hedman Partners	Estonia
3-May	Urmas Kiik	Dispute Resolution	Hedman Partners	Estonia
17-May	Ronan Le Du	Transportation	Ince & Co	Greece
11-May	Piotr Ciolkowski	Energy	CMS	Poland
24-May	Michal Pawlowski	Capital Markets	CMS	Poland
22-Apr	Ioana Talnaru	Corporate/M&A; Private Equity	Clifford Chance	Romania
3-May	Tudor Nedelea	Tax	DLA Piper	Romania
2-Jun	Mirela Metea	Dispute Resolution	Maravela & Asociatii	Romania
26-May	Oleg Moskvitin	Competition	Muranov, Chernyakov & Partners	Russia
26-May	Maxim Platonov	Insolvency/Restructuring	Muranov, Chernyakov & Partners	Russia
7-Jun	Alexandra Vasyukhnova	Private Equity	Vegas Lex	Russia
7-Jun	Maxim Grigoryev	Infrastructure/PPP	Vegas Lex	Russia
11-May	Marija Tesic	Corporate/M&A	CMS	Serbia
8-Jun	Milos Vulic	Real Estate; Insolvency	Prica & Partners	Serbia
13-Jun	Ekin Inal	Corporate/M&A	Chadbourne & Parke	Turkey
3-May	Galyna Zagorodniuk	Corporate/M&A	DLA Piper	Ukraine
6-May	Kateryna Gupalo	Dispute Resolution	Arzinger	Ukraine
6-May	Andriy Selyutin	Infrastructure/PPP	Arzinger	Ukraine
6-May	Oleksander Plotnikov	Banking/Finance	Arzinger	Ukraine
11-May	Olga Belyakova	Corporate/M&A	CMS	Ukraine

Summary Of In-House Appointments And Moves

Date covered	Name	Company/Firm Joined (Role)	Moving From	Country
30-May	Jovana Pusac	SOG Samardzic Orseki & Grbovic (Local Partner)	medici.com (Legal Advisor)	Bosnia & Herzegovina
8-Jun	Karel Budka	Invia (GC)	Photon Energy Group (Lawyer)	Czech Republic
4-May	Zoltan Benko	Citi Bank (Regulatory Risk Officer)	Allianz (Internal Auditor)	Hungary
13-May	Csilla Kovari-Graner	Erste Bank (Head of Corporate Legal)	Kovari and Graner Law Firm	Hungary
4-May	Marek Korcz	Laszczuk & Partners (Partner)	Orange (Director of the Legal Department)	Poland

Summary Of Partner Lateral Moves

Date covered	Name	Practice(s)	Joining	Moving From	Country
4-May	Marie-Agnes Arlt	Corporate/M&A	A2O	Kunz Schima Wallentin	Austria
4-May	Martin Oppitz	Banking/Capital Markets	A2O	Grohs Hofer	Austria
4-May	Hermann Ortner	Real Estate	A2O	Grohs Hofer	Austria
17-May	Tim Pfister	Corporate/M&A	Knoetzl	Sullivan & Worcester	Austria
30-May	Ana Grubac	Corporate/M&A	SOG Samardzic Orseki & Grbovic	Independent Counseling to clients	Bosnia & Herzegovina
21-Apr	Urmaz Volens	Litigation/Dispute Resolution; Real Estate	Nove	Sorainen	Estonia
21-Apr	Kristjan Tamm	Litigation/Dispute Resolution	Nove	Sorainen	Estonia
21-Apr	Veikko Puolakainen	Litigation/Dispute Resolution	Nove	Sorainen	Estonia
21-Apr	Andrus Kattel	Litigation/Dispute Resolution	Nove	Sorainen	Estonia
2-Jun	Anthony O'Connor	Private Equity	Kinstellar	Dentons	Hungary
10-Jun	Deivis Valiulis	Real Estate	Trinitis	Balticlaw	Lithuania
25-Apr	Jakub Lerner	Corporate/M&A	Noerr	CMS	Poland
25-Apr	Jakub Celinski	Capital Markets	Dentons	Baker & McKenzie	Poland
27-Apr	Daniel Klementowicz	Litigation/Dispute Resolution	Magnusson	Wolf Theiss	Poland
9-May	Przemyslaw Kucharski	Real Estate	Baker & McKenzie	CMS	Poland
16-May	Pawel Moskwa	Corporate/M&A	Deloitte Legal	Soltysinski Kawecki & Szlezak	Poland
16-May	Jan Jarmul	Corporate/M&A	Deloitte Legal	Soltysinski Kawecki & Szlezak	Poland
21-Apr	Daria Goulko	Luxury Retail	AstapovLawyers	Luxury Retail Consulting	Russia
12-May	David Lasfargue	Corporate/M&A	Jeantet	Gide Loyrette Nouel	Russia
30-May	Hasmet Ozan Guner	Life Sciences	Guner Legal	Baker & McKenzie (Esin Attorney Partnership)	Turkey

Other Appointments

Date Covered	Name	Firm	Appointed to	Country
10-May	Dora Petranyi	CMS	CEE Managing Director	Hungary
19-May	Malgorzata Surdek	CMS	Managing Partner	Poland
13-May	Jared Grubb	Clifford Chance	Managing Partner	Turkey

Full information available at: www.ceelegalmatters.com

Period Covered: April 19 - June 13, 2016

Legal Matters: The Buzz

Turkey

Continued Political Turmoil And Encouraging Legislative Developments



The big news in Turkey, according to our source (who requested anonymity), was the May 5, 2016, announcement that Turkish Prime Minister Ahmet Davutoglu would be resigning from his position. Nobody's sure what's going to happen, our source said, who's going to replace Davutoglu, or what the affect of the shake-up will be on foreign investors. There has been no reaction from his firm's clients as yet, he reports, but there seems to be consensus that this is "an unfortunate development", and his firm's position, at the moment, is "wait and see."

On a happier note, Turkey's new Data Protection Law (the "Law"), passed just now, a decade after the first draft was put forward and 35 years after Turkey first committed itself to enact a national data protection law under its Council of Europe obligation. The Law – passed ultimately as part of the country's ongoing attempt to harmonize its laws with EU law to facilitate the country's accession to the EU – is characterized by our source as a "good thing." Companies are finding themselves obliged to review their processes to ensure compliance with the provisions of the Law, which is creating work for firms across the market. Our source says that his firm's data protection advisory team is working "flat out" at the moment, making the new Law "a gift from the government to the lawyers in the country." The Law also creates a Data Protection Authority. "But," he says, pointing to the increasing role of the Turkish government in such matters, "the question is: 'Who's going to run it?'"

Finally, our source notes, a recent draft IP law – addressing a subject the Turkish government insists on calling "Industrial Property" instead of "Intellectual Property" – has a significant amount of "good stuff" in it as well, and it is expected to be passed soon as well.

Lithuania

New Code of Ethics And Increased Visibility of The Big Four



Irmantas Norkus, the Managing Partner of Cobalt's office in Lithuania, describes the new Code of Ethics approved by the General Meeting of Advocates of the Lithuanian Bar Association on April 15, 2016, as "a significant move forward." The previous Code of Ethics was created in 2005, and the rapid growth and substantial changes in the market since then required that the Code be modernized. Changes affect the rules applicable to conflict of interests and the ability of firms to represent multiple clients in matters upon informed consent, among other things.

Turning to changes in the legal market itself, Norkus refers to the recent decision by the Varul office in Lithuania to rebrand as part of Primus as part of the extended fall-out of Varul's Estonian office deciding to leave the network in favor of Tark Grunte Sutkiene. In addition, he reports that the law firms associated with PWC, Deloitte, and Ernst & Young – and, to a lesser degree, KPMG – are increasingly promoting their legal competencies and capabilities in Lithuania in an effort to compete more effectively with the traditional law firms in Lithuania. At the moment the increased visibility seems to be related more to marketing and communications than to actual presence on deals/transactions of significance, but as the firm associated with PWC in particular has publicly announced its intention to be among the top four or five firms in the country within five years, Norkus is keeping a look out. In addition, the PWC-related firm recently successfully appealed the Bar Association's refusal to allow it to use the PWC trademark in its official name, meaning it is now able to more prominently display the PWC brand in its marketing efforts.

In terms of practices, Norkus reports that the Real Estate and Infrastructure practices are "really hot" at the moment, particularly related to three significant ongoing privatizations, in-

cluding, most significantly, the government's plan to offer three Lithuanian airports for operation by one concessionaire for the next 25 years. That concession should be announced soon, and at the moment a number of Lithuanian law firms – and at least five larger international firms – are representing potential concessionaires participating in the tender. Other privatizations of significance include the PPP project for a new National Stadium and another PPP project for the Utena National Road.

Other dynamic practices in Lithuania at the moment are those involving the Financial Services industry, which is seeing a great deal of consolidation and loan portfolio sales, and Data Protection, as companies try to prepare for the upcoming changes in applicable EU law.

Bulgaria

NPL Sales Provide a Glimmer of Hope in Otherwise Quiet Market



There has not been much movement on the Bulgarian market in recent months, according to Alexandra Doytchinova, the Managing Partner of Schoenherr's Sofia office.

Still, there's some reason for hope. Doytchinova says that the Bulgarian NPL market – which, contrary to the markets of other neighboring jurisdictions, has been fairly dormant – is expected to pick up soon, also as a result of an asset-quality review and bank stress tests initiated by the Bulgarian National Bank, the results of which are expected in August 2016. Doytchinova expects this to be the kick-off for increased NPL sales and a source for legal business in Bulgaria for the next few years. While NPL transactions have not yet started on a large scale, pioneer transactions have already been announced. Schoenherr itself is already working sell-side on the first sizeable NPL portfolio sale for HETA, Doytchinova reports, and other Schoenherr clients are looking at other NPL portfolios for sale.

IT and start-ups are also always good for Bulgaria, though Doytchinova points out that start-ups, working with limited budgets, are rarely able to obtain the external legal advice they

would need. Still, she believes many of them are becoming aware of the necessity of doing so, and the more sophisticated start-ups, seeking investment from the United States, United Kingdom, and other western countries, are increasingly looking for quality legal assistance. A number of law firms are assisting start-ups as an investment in future business, even matching their budgets in doing so.

Renewables remain a dead area in the country, Doytchinova says, with no real movement in the sector beyond occasional disputes with the regulator and off-takers who sometimes fail to pay as obligated.

As always, the overarching problem for Bulgaria is the perception of corruption in the judicial system that bedevils attempts to promote and generate investment in the country. The problem doesn't appear to be any closer to being solved, either, Doytchinova sighs, pointing out that a recent effort to introduce a serious judicial reform widely supported by practitioners failed in Parliament – signifying that the political system is obviously fairly satisfied with the status quo and causing widely-respected Minister of Justice Hristo Ivanov to resign in frustration.

Romania

Spotlight on Real Estate



The real estate market is in the spotlight in Romania, according to Bogdan Papandopol, Partner at Dentons in Bucharest. Specifically, the country is “seeing the logistics area going quite well,” Papandopol explains, with new developments popping up in and around Bucharest. He notes that the capital city is not alone in registering growth, pointing to developments in other large Romanian cities as well, including Arad, Ploiesti, and Constanta.

The office real estate market is also registering healthy growth, the Dentons Partner reports, in particular in Bucharest. Also notable is the shopping center sector, and Papandopol reports that, “while not as big as the logistics sector, we are definitely seeing some good deals in commercial real estate not only in Bucharest but also other major cities in Romania.”

Turning to residential real estate, Papandopol points to the recent so-called “Darea in Plata” (“giving in payment”) legislation, which affects credits with a value under EUR 250,000 meant to fund the purchasing, building, or refurbishing of residential real estate. The main update is intended to help consumers notify their banks and initiate a procedure that ultimately results in returning the collateral to the bank and discontinuing the loan. “We have to see the impact this will have on banks and how this will be reflected either in terms of the conditions that banks set up, the end cost of credits, durations of loans, etc.,” Papandopol reports. “Ultimately, it does look like it will make it more difficult to access such loans, which may impact the residential landscape.” As to the driving force behind the legislation, the Dentons Partner notes that “it is difficult to comment precisely as to the cause of it in an electoral year. This was a widely-discussed legislative update. We’ll see, based on how banks react, if that legislation will impact on the development of the residential projects.”

Estonia

Fallout From Legal Market Changes Includes New Emphasis on Marketing and Head-Hunting



Martin Tamme, the Managing Partner of Varul in Estonia, says that “from my perspective, the big news is still the merry-go-round” that accompanied the recent news of his firm’s merger with Tark Grunte Sutkiene. He refers to the move as being part of the “start of the second phase” in the market that has led to the establishment of what he calls the “Big Four Baltic law firms” (referring to Tark Grunte Sutkiene, Sorainen, Cobalt, and Raidla Ellex). He also refers to the increased marketing/public relations push he’s seeing in the market in the last few months, which he says is a new paradigm. For instance, it is reported that Cobalt has been buying up front page advertisements to get their trade name out in the industry. He expects all firms to step up their efforts similarly. “Each of the Big Four will have their own personality,” he says, “and it will become more of a ‘brand’ business in upcoming years.”

As another aspect of the upheaval in the market, Tamme points to the “serious head-hunting going on now as a result.” Tamme notes that, “we want to grow, Raidla Ellex wants to grow, and Sorainen needs to fill in the gap left by four senior litigators who established their spin-off, Nove,” (see page 16) as Cobalt

continues to deal with the integration process following its 2015 merger with the former Lawin office in Estonia. He agrees that it’s a good time to be a good lawyer in the market, with all the major firms competing for talent.

Despite this competition, Tamme says legal recruiters are rarely employed in Estonia. He refers to the legal market as a “village,” and says that personal contacts are a much more common source for lateral hires.

There’s nothing very much coming in the near future in terms of political, legislative, or regulatory developments, Tamme says. Gas should be stronger for the next few years, as Estonia pursues a policy of energy independence from Russia. Many projects are in their early stages, Tamme notes, though few of them have actively started generating revenue yet.

Finally, Tamme notes that Estonia is continuing to experience a mini-boom in private sector real estate, discernible still in M&A and JVs and innovative financial schemes. He is realistic about the process, though, noting that people are “taking bets as to when it will turn to insolvency work.” He sighs. “I expect to see it happen within a few years.”

Ukraine

Unmistakable Signs of Progress



Natalia Kochergina, the Head of Real Estate for DLA Piper in Kyiv, says that, from a business perspective, things are “absolutely” better in the country than they were six months or a year ago. The situation remains fragile, she concedes, but she insists that progress is undeniable. She points to the stabilizing hryvnya as a welcome sign.

DLA Piper’s office has expanded in the past six months as well, Kochergina reports, noting that while before the Euromaidan Revolution of 2014 the firm did most of its work for foreign clients, the ratio of foreign to Ukrainian clients now is closer to 50:50, or even swung towards the local. In terms of foreign investors, Chinese investors are more active now than their European or American counterparts, who are more risk averse.

In Kochergina's own practice, Real Estate, she has also seen a definite recovery in foreign investment, particularly in the retail sector.

The legal market has changed a great deal in the last few years, Kochergina points out, noting that Chadbourne, Clifford Chance, Gide Loyrette Nouel, and Schoenherr have all withdrawn from the country (though Gide's office was taken over by another French firm, Jeantet). She describes a general trend in that direction, as some foreign firms lose trust in the geopolitical future of the country. Nonetheless, the market has stabilized, she believes, with local firms getting stronger, and an increasing number of boutiques doing niche work.

In terms of practice areas, Kochergina reports that litigation is very strong at the moment, as is tax restructuring. Infrastructure is also strong, as the government seeks to improve the nation's ports with international investors.

Despite the overall positivity of her report, Kochergina concedes that corruption – while improving in small steps – remains a problem, especially in the judiciary. Still, she notes, legislation is improving rapidly, and she said that recent changes in the title registration legislation which increase transparency are “really great.” She concludes that these changes are, “definitely, positive.”

Finally, Kochergina turns to the noticeable positivity in the country as a whole, which she says was less obvious a year or two ago. She accepts congratulations on the recent victory by Ukrainian singer Jamala at the Eurovision contest with pride, and says that overall “people are very happy.” Speaking on Vyshyvanka Day – the Ukrainian holiday named for the embroidered shirt in the Ukrainian national costume, which has also become a celebration of Ukrainian identity – Kochergina comments on the number of people she sees outside her window wearing the Vyshyvanka in a display of patriotism as another positive sign.

Slovenia

Debt, Privatization, Real Estate Are Areas of Activity

The distressed debt front is an interesting area for lawyers in Slovenia, according to Vid Kobe, Partner at Schoenherr in Ljubljana, who says, “apart from privatization and restructuring-driven M&A, it is the main type of work dominating our schedules.”

Kobe points to two main elements that follow as a natural progression to the restructuring boom of the recent past: (1) The likely refinancing of the capital structures of the large restructured corporates which have achieved stability and returned to growth (one recent example is the ACH Group's recent refinancing of its senior debt by VTB); and (2) The repeated instances of new players buying up senior debt of those large corporates – especially those holding interesting assets – for which restructuring has not resulted in a turnaround. This year is critical for NPL portfolios in Slovenia as well, according to Kobe,

who points to the recent placement of a huge portfolio by the largest Slovenian bank, with other big players likely to follow.



“Much of the big-ticket stuff has already been wrapped up, and the first round of large deals is behind us,” Kobe comments about the equity side. He adds: “By far the largest ongoing deal is the privatization of NLB – the largest Slovenian bank – which looks like it will be sold via an IPO.” Kobe notes that the market is waiting to see the State's updated plans for disposing of large corporates in which it has a stake, with everyone “curious to see what amendments will be made to the list of companies to be sold with rumors in the market being floated that other companies will be up for sale in the near future.” Kobe also points to an increasing number of assets being sold by debt holders: “a new breed of sellers, if you will, who were not holding an asset as a strategic investor nor as a private equity investor.” This, he argues, “is a slightly different type of work, but it's still M&A-type of work that keeps us busy.”

Finally, Kobe points to activity on the real estate market: “We're seeing new players buying up real estate (backed) assets from distressed corporate groups who, for one reason or another, are exiting the leisure sector as one of their core activities.” Kobe reports that a lot of auction sales to private individuals are being completed, with many apartment building projects that ended up in the hands of the Slovenian bad banks or private bad banks now being placed on the market.

Austria

HETA Remains at the Forefront



Unsurprisingly, for regular CEELM readers, the winding down of HETA remains among the hot topics in Austria, according to David Christian Bauer, Country Managing Partner at DLA

Piper in Vienna, who says: “it is still a huge case with many lawyers (as well as accountants, auditors, etc.) being kept busy by it.

In a recent development, Bauer says, “the Austrian Republic has made an offer to investors to pay a specific percentage of the amount requested.” Not much has happened recently on the German front of the HETA/Hypo story, Bauer reports, as the recent court hearing in Frankfurt has not yet resulted in a decision. There is one erroneous detail being floated around that the DLA Piper Partner would like to correct: “Unlike what many are saying, it is not the case that if the German claim is successful, insolvency will automatically follow, as HETA still has a lot of defenses.” He argues that it is not possible to really enforce any claims on HETA since that enforcement would directly clash with the goal of the EU Directive on the resolution of banks, which is to avoid situations in which some investors recover their full shares while others don’t. He explains: “They all need to be treated equally, so I don’t see how that would be enforced.”

Concern about investor-state disputes are also in the spotlight in Austria, according to Bauer, both because of a current (and what he describes as a “huge”) ICSID arbitration going on in Washington resulting from a claim of the owners of Meind Bank, and because there is a lot of “fear” over the proposed Transatlantic Trade and Investment Partnership. Bauer believes both concerns are exaggerated: “First, if the new agreement with Canada is to come into force, US companies will simply be able to use their Canadian subsidiaries to sue European states, so, really, the feared risks can happen anyway. Second, one needs to consider what the alternative is: to bring a claim in front of local courts, which is difficult for any investor, may it be a Romanian, French, or so on. I mean, if you invest in Saudi Arabia and then your investment goes bust due to unfair changes locally and you expect to be able to claim your money in Saudi courts, Good luck!” At the end of the day, he says, “what’s proposed is a well-established system that simply works, and, really, many times, if not in most cases, investors lose their case, so I find many of the concerns floated around as unfounded.”

Bosnia & Herzegovina

New Labor Laws and Regulation on Advocacy

New Labor Laws in both jurisdictions of Bosnia and Herzegovina are keeping lawyers and companies on their toes, according to Aleksandar Sajic, Managing Partner of Law Firm Sajic.

The Republic of Srpska implemented a new Labor Law at the beginning of the year, but the employment community and unions have not yet agreed on a new collective agreement, Sajic reports. As the new Labor Law replaced the previous agreement, the jurisdiction is now in an “insecure situation for the companies, since there is a new Labor Law, but there is no new collective agreement in place, and every month the Government adopts a new decision to prolong the old agreement for a month.” Sajic adds: “this is naturally a problem, since there

are huge differences between the old and new law in terms of holidays, working times, employee rights, procedures for canceling agreements, working on a temporary basis, and so on. This, you can imagine, is frustrating for management of companies, as they cannot predict what their obligations or rights will be for the next month.” This affects lawyers as well, Sajic explains: “The biggest problem for us, as consultants, is that our clients want to know not what they need to plan for in the next month, but what to plan for at least until the end of the year.”



In other parts of the country, the Labor Law adopted in the summer of last year ended up being nullified by the High Court of the Federation because of some mistakes in its procedure. The new proposal for a Labor Code will hopefully make the lives of companies easier since, as, under the current regime, there are “on paper, very strong, and at times too strong, protections and rights in place for employees – a socialist heritage – which became an obstacle towards attracting new investment.” Sajic explains that “both Governments were aiming to open the door to new investors with the new labor laws, since, unfortunately, one of our advantages at the moment is a cheap workforce, but that is not as effective when you are faced with a lot of rights for employees – to such an extent that they are, at times, hard to understand even for companies coming from other former socialist countries like Poland or the Czech Republic.”

In terms of the legal profession itself, Sajic says that there is a new regulation on advocacy, which “for the first time, means there is a new structure within which you can provide legal services: that of a limited liability company.” He adds: “Until now, lawyers could work as solo practitioners, gatherings of two lawyers, or law firms that had to be organized as general partnerships – meaning full liability of its private individual members.” According to Sajic, that structure had merit: “The reason is related to the relationship we have with our clients – we have a huge and important right to represent our clients, many times in important or potentially expensive cases, and I think this type of personal liability incentivizes us to be particularly careful and

committed to the better interests of our clients.” In contrast, he points out, “now you can establish an LLC law firm with 50 cents of social capital. This could be useful but I am unsure it is healthy in our profession, especially in the situation of a country like Bosnia and Herzegovina where we have a lot of legal reforms ahead of us and where we see a lot of problems in our profession, which is rather saturated, with not all lawyers being particularly concerned with providing a high quality of service.” As to the driving force behind the implementation of the LLC option, Sajic explained that it was primarily pushed through by a couple of lawyers who lead the professional association, and he added: “It was not an update that was included in the draft circulated to the national assembly – rather, it was included in the law almost overnight, as far as I know, due to some private interests.” He added that the update also included “a number of problematic articles” (for example, a “sudden” limitation on lawyers dealing with bankruptcy procedures, “introduced without any good reason”) and that a group of lawyers has already initiated a claim with the Constitutional Court challenging the update.

Croatia

Government upheaval causing uncertainty

The political turmoil involving the Croatian Government is an ongoing challenge facing the country, according to Aleksej Miskovic, Partner at Glinska & Miskovic. He explains: “at this point, the government that was formed only a couple of months ago has fallen. There is still a tiny chance of a regrouping of the members currently in place. Alternatively, we’ll see a new extraordinary election at the beginning of September, most likely.”

In terms of the impact of the political situation on the market as a whole, Miskovic adds: “As you can imagine, it is not great for any business to be faced with such a tense period in which it’s difficult to predict what will happen.” One important consideration, according to Miskovic, is that the Parliament recently elected the new members of the Constitutional Court, which: “was crucial in case we will see a new election since this body would hear potential electoral complaints. Without it, we could have been faced with an unprecedented constitutional crisis – but at least this was avoided.”

A last update worth noting that will impact legal practitioners focusing on cross-border financing matters in particular is the fact that, due in part to the current crisis, the Government has postponed the latest bond issuance on international capital markets. “The indicative pricing was one concern, and it seems that the main aspect affecting those projections were not economic indicators as much as the perceived political instability of the country,” Miskovic explains, adding that while this has never been done by Croatia in the past, there was no imminent (re) financing need for the state. He also notes that the move has not influenced the main Croatian corporates either, since they proceeded normally with their refinancing.



We’d like to thank the following for sharing their opinions and analysis:

- Aleksandar Sajic, Managing Partner of Law Firm Sajic
- Aleksej Miskovic, Partner at Glinska & Miskovic
- Alexandra Doytchinova, Managing Partner of Schoenherr
- Bogdan Papandopol, Partner at Dentons
- David Christian Bauer, Country Managing Partner of DLA Piper
- Irmantas Norkus, Managing Partner of Cobalt
- Martin Tamme, Managing Partner of Varul
- Natalia Kochergina, Head of Real Estate at DLA Piper
- Vid Kobe, Partner at Schoenherr

CEE Building Blocks: Baker & McKenzie's Dan Matthews Says Good-Bye

Bit by bit the first wave of expatriate lawyers that helped CEE and CIS legal markets transition from the chaotic end of communism to the (more or less) functioning capitalist present subsides, as one by one those lawyers retire and withdraw. Now comes the announcement that Baker & McKenzie Partner Dan Matthews, who played a formative role in the firm's Moscow, Baku, and Istanbul offices, will be retiring and returning to the United States on July 1, 2016.

We take the opportunity to review the career and contributions of Matthews, one of CEE's undisputed Building Blocks.



In this article



Ismail Esin, Managing Partner,
Esin Attorney Partnership



Sureyya Ugurses, Country Legal
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Cansu Gunel, Associate,
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Hakkı Can Yıldız, Senior Associ-
ate, Esin Attorney Partnership



Hasmet Ozan Guner, Partner,
Guner | Legal

A Winding Road to Istanbul

Matthews already had nine years of practice in Florida under his belt when, in 1995, he agreed to join Baker & McKenzie's Moscow office. In Russia in the mid-90s, he recalls, "everything was in flux, and there hadn't been many private lawyers. There certainly weren't many established practices. It was quite an adjustment for me. In the US there's only a limited range of possible outcomes for most legal issues. In Russia, you had a lot more freedom to structure a transaction because you had more unresolved variables, more things open to negotiation. When I first went to Russia ... the transactions [I was] working on were often the first time they had ever been done there. Back in the 1990s when I started in Moscow, we didn't even have a Civil Code to provide a legal basis for private property. The Civil Code came out in late 1996. And that was the first legal recognition of private property. So here you're trying to take security over collateral, and there isn't even a firm foundation for the concept of private property! It was tricky, because the legal landscape presented so many barriers you had to work around and lots of potential pitfalls."

In 1998, however, the ruble collapsed and the Russian economy went into a tailspin. As Matthews recalls, Baker & McKenzie was in the process of opening its office in Baku at the time and was looking for Partners interested in moving to the Azerbaijani capital. "My thoughts were, 'OK, my practice in Russia has disappeared for the time being and we have this opportunity ... I'll take it!'" Matthews laughs, and he says that as he was already working in the oil and gas sector, "it seemed a natural fit."

For the next two years he divided his time between Moscow and Baku, before committing to the city by the Caspian Sea full time in 2000.

At one point, midway through Matthews' 13 years with Baker & McKenzie in Baku, he crossed paths with a prominent Turkish lawyer – Ismail Esin – in a meeting that would turn out to have significant ramifications for Baker & McKenzie, Esin's own firm, and both lawyers individually.

Recalling that meeting, Ismail Esin says, "When I first met Dan in 2004, I was working on a project in Azerbaijan, and we had to work with a local firm, and we went to Baker & McKenzie, and he was introduced to me by a very close friend who was then the CEO of AIG in Eurasia. We started to work on the Azerbaijan project – it was a long-lasting project of I think four or five years – so that was the first contact."

Subsequently, in 2011, another Baker & McKenzie Partner suggested that Esin talk with the firm about joining his firm with theirs, and initial conversations were encouraging. "And eventually," Esin recalls, "I thought, 'okay, if I'm going to join Baker & McKenzie, I need someone here in Turkey next to me who has experience with Baker and who I can trust as a person.' And so I said, 'I insist on Dan Matthews.' So then I talked to Dan. I said, 'okay Dan, you should come over; you have to help me to make this office a part of a bigger and more international organization.' So this is how everything evolved, and one day, Dan was here!"

Matthews laughs, remembering that 2004 meeting with Esin. "I had no idea at the time we would later have this long-term relationship." He says the resulting relationship with Esin played an important role in the eventual coming together of the two organizations. "I was part of the Baker & McKenzie team that interviewed law firms in Turkey, and Ismail already knew me, so yes, it made things easier," he says. "Definitely. Not only was there greater trust and comfort, it helped manage everyone's expectations. Both sides knew who they were dealing with."

Baker & McKenzie opened its Istanbul office in 2011, with Matthews at the helm.

A Dual Role at Baker & McKenzie Istanbul

Matthews takes pride in his many years of being ranked as a top tier banking & finance lawyer, but in leading Baker & McKenzie's Istanbul office he has limited his role to conform to the Turkish bar's restrictions on foreign lawyers practicing in the country. As a result, he has focused primarily on training the Esin Attorney Partnership's lawyers and developing its complementary practice groups.



Dan Matthews, at the time the AmCham Azerbaijan President, at the 2012 AmCham Azerbaijan Independence Day celebration in Baku

According to Ismail Esin, “before joining Baker we had only four practice areas, and we were very focused on them: we were very strong in M&A, very strong in dispute resolution and arbitration and litigation, very strong in real estate, and very strong in competition. We didn’t have any other practice areas at all. After Dan joined us, he said, ‘Ismail, we have to set up other practice groups, like Tax, like Corporate Maintenance, like Intellectual Property, like ITC, things like that.’ And he contributed very much in terms of setting up those practice groups. So if I look at the office now, approximately 1/3 of the people working here are in the non-historical practices. In compliance, we are the only law firm in Turkey providing compliance services with a dedicated team.”

Esin insists, however, that Matthews was equally important in assisting with

the integration of the two firms. Referring initially to the restrictions imposed by the Turkish bar, he explains: “We’ve been always very conscious with the ethical rules and everything, however this is not sufficient; [at Baker] you have to have your bookkeeping in a certain way, you have to prepare your documentation and everything in a certain way, and so on. Dan has also introduced ‘Good Morning’ messages. Every morning you receive a Good Morning message from the secretaries, [with information about] what visitors will be in the office, who is out, who’s there, etc., so we don’t have to check every time to see who’s there and who’s available. It looks simple, but it is important; and makes life easier for everyone. So this practical thing is for me part of the infrastructure of being a better-operating law firm.”

Matthews is proud of the firm’s current

banking & finance team, whose work he used to guide. “The banking & finance practice is really up and running now, and they don’t need my support on foreign and international law as much as they did back when I first got here,” he says. “They are ace banking & finance lawyers – they’re really great – and I have a lot of confidence in them.”

Praise from Colleagues and Clients Alike

Those who work with Matthews speak of him in glowing terms. Hakki Can Yildiz, who joined the Esin Attorney Partnership only a few months after Matthews in 2011, is a Senior Associate working in the Competition, Information Technology & Communications, and Trade & Commerce groups. He says, “from my perspective, one of the things that Dan was most successful at was setting up this structure. For some people in Turkey,



Ismail Esin and Dan Matthews

we were known only as an M&A firm, but now we are ranked in almost every category of major directories. So this is something that we achieved in a very short time.”

In addition, Yildiz notes, Matthews was extremely valuable “in terms of helping us become better lawyers.” He explains: “Foreigners, especially non-Europeans such as Americans, I think, can be so far away from the mentality of Turkey, and it is sometimes very difficult to connect with them both as clients and colleagues, but the fact that Dan has been in this part of the world for years, for decades, really helped him manage people around him, with cultural differences, he really knew how he should instruct people, how he should talk with people, where he should stop and push people, and, for example, how he should pitch for client work. He is an American – in some ways, he’s the most American a guy can be – but in other areas, in most areas that are related to what we are doing here professionally, I think he is just one of us. He thinks as if he was a Turk, as if he has been here for years, and so he paid attention to cultural differences and I think this is how he managed to be so successful.”

Yildiz is equally complimentary about Matthews’ personality, describing him as, “a very easy-going person.” He clarifies:

“He not only listens to you but also is a very straightforward person when he shares his opinions with you. He tolerates mistakes and shows ways to correct them without being discouraging. He lets you deal with clients and colleagues even in the most serious and critical circumstances, and if you do make a mistake or if his assistance would really help, he does not hesitate to step in and cover you or back you up. When it is all over, he still gives you credit for what you have done in that specific matter. So, he is a very helping person but he does not like to take credit for himself. So it is very easy working with him.”

Finally, Yildiz says, “another thing with Dan is that he pays attention to quality. As you can expect, accuracy, timeliness, and richness of the content are the first things that he looks at. But he also pays attention to other qualities – for example, the one that in his view is missing in Turkey the most is to be able to give concise, specific, relevant, and to-the-point legal advice. In his words, the thing that he does not like about Turkey is what he calls ‘verbose’ Turkish lawyers, and he does his best to prevent us from using unnecessary language that does not add anything to the advice given.”

Hasmet Ozan Guner, who recently left Esin Attorney Partnership to start his

own firm (see page 19), agrees about the value of Matthews’ guidance. Guner says, “he was a very good role model for me, a mentor, I would think. Before Ismail Esin joined Baker & McKenzie his firm was already very prominent in Turkey, so it is a difficult thing to transform an already-established law firm, with several decades of history, into a global system, and they managed this incredibly well. Because, you know, people already have their habits and routines, which are not always the same as Baker & McKenzie’s way of working, so it was a difficult task, I would say. Dan, together with Ismail, did it very well.”

Like Yildiz, Guner also praises Matthews’ personality and style. “I would say he’s kind of a soft power,” he said. “He doesn’t give strong reactions or provide an immediate reaction, but he rather chooses to take things slower and easier, so he takes things step by step. He is very easy to work with, I would say. Of course the legal environment isn’t undemanding anywhere in the world, so you cannot avoid that, but Dan relatively is not a demanding person, and he is an easy person to work with.”

“He is an American – in some ways, he’s the most American a guy can be – but in other areas, in most areas that are related to what we are doing here professionally, I think he is just one of us.”

Associate Cansu Gunel found a model in Matthews. “It was really nice to see how a foreign attorney works outside of his own jurisdiction,” she says. “Even though he’s been outside of his jurisdiction for over 20 years and even though he can’t usually give legal advice in this country, his background in law and his leadership position allows him to still provide good legal counsel to foreign clients and that showed me how a good lawyer can be a good lawyer regardless of where he’s practicing, so that’s something that I took out of my experience with him.”

Matthews’s clients are equally enthusiastic.

Two values stand out ahead of any others in the Baker & McKenzie culture: the pioneering vision and the global spirit of friendship. Not all at Baker express and live these values so faithfully as Dan. I have known Dan for some years because we shared our interest for the same practice and industry and I have seen him personifying those values with an added optimism and sense of humor that make the right combination for a successful partner in our Firm. Because of this and of his inclusive and mentoring leadership style he had a widely valued and successful career with the Firm. We greatly appreciate his dedication and his fantastic achievements in our Baku and Istanbul offices.

We wish him equal success in his next adventures and hope that he keeps us close to him, as usual.

God speed.

– Eduardo Leite, Chairman, Baker & McKenzie

Sureyya Ugurses, Country Legal Counsel at Citibank A.S., describes Matthews as “one of the best client-manager lawyers I have ever met” and says that he is “really good at communicating with clients and also builds trust by trying to understand their needs.” She explains: “Whenever we asked a question or needed help, he was always there to help and to find a solution with his practical thinking, and the fact that he was trying to solve the problem or trying to help us was really very valuable for us.”

In short, she says: “Finding an external lawyer who knows and understands the company, the industry it operates in, its culture, how things are done, is invaluable. This saves a lot of time and cost and makes it more likely that the advice will be accurate, relevant and, where appropriate, commercial. This is what we achieved with Baker led by Dan.”

The Future

In the short term, Matthews has agreed to act as an outside counsel to the Esin Attorney Partnership for at least the next year. Matthews explains that, in this new role, “I won’t be doing client work, but I will be providing management and client relationship support, as well as working with the lawyers in the new practice groups we’ve built over the past five

years, like ITC, IP, Trade & Commerce, and other practice groups to help them grow the practices internationally. I’ve committed to coming back to Istanbul four times a year, but I’ll be in daily contact with the office.”

“I’m not going to say that my contributions to the legal community in this region were hugely significant, but for the offices where I worked, I think I had a – I’m sure I had a – a profound impact on the way they practice law, the temperament in the office, the climate in the office. I definitely impacted that. Perhaps less so in Moscow, where I was new to the region, but definitely Baku, and definitely here. My fingerprints are all over it.”

But Matthews insists that he has no intention of practicing in the United States, saying “I’ve always wanted to do other things. Before law school, I was torn between being a lawyer, a diplomat, and a real estate developer. In Florida every-

body wants to develop real estate, so maybe I’ll eventually dabble in some personal real estate projects that I’ve always been interested in doing.”

Leaving His Mark

Twenty years is a significant amount of time, and Matthews’ contributions to Baker & McKenzie’s Eastern European and CIS presence are hard to miss. He himself hired several of Baker & McKenzie’s current Moscow Partners, he says, and he hired the current Managing Partner in Baku as a Trainee back in 2001. He laughs, pointing out that “the Managing Partner of the CIS offices [Sergei Voitishkin, also the Managing Partner of Baker & McKenzie’s Moscow office] was a translator in the office when I got there.”

Looking back, Matthews says, “I’m not going to say that my contributions to the legal community in this region were hugely significant, but for the offices where I worked, I think I had a – I’m sure I had a – a profound impact on the way they practice law, the temperament in the office, the climate in the office. I definitely impacted that. Perhaps less so in Moscow, where I was new to the region, but definitely Baku, and definitely here. My fingerprints are all over it.”

In Europe, his absence will be felt. “Every day we sit together to see if everything is okay, talk for 30 minutes or so, share what’s going on, what can be done, etc., or just simply chatting,” says Ismail Esin. “He’s been a great support for our operations. We go out for dinner. He knows my family. We are not only business partners; we are friends.”

Hakki Can Yildiz expresses his gratitude for the opportunity to speak about Matthews as he plans his departure. “I think he deserves it. He’s a great guy, and we and the Turkish legal market will miss him.”

Editor’s note: *Baker & McKenzie has asked that we clarify that references to it refer either to “Baker & McKenzie International, a Swiss Verein” or “Baker & McKenzie Foreign Attorney Partnership.”*

David Stuckey



ltr: David Vosol, Marc Muller, Pavel Vincik, Fritjof Winkelmann, Jiri Barta, and Arthur Braun.

This summer bpv Braun Partners, one of the leading law firms in the Czech Republic and Slovakia, celebrates its 10th anniversary. The firm – a founding member of the bpv alliance that stretches across CEE – was founded in 2006 by a team of attorneys who had been working together in the Czech office of Haarmann Hemmelrath, and in 2010 it opened its successful Slovakian branch office. Now bpv Braun Partners includes more than 35 Czech, Slovak, German, and British lawyers and tax advisors, many regarded as among the most respected legal professionals in the Czech Republic and Slovakia.

We reached out to the firm's partners to learn more about its history, strategy, and plans for the future.

In This Interview:

- **Arthur Braun: Managing Partner, M&A, Employment**
- **Pavel Vincik: Partner, Litigation, Corporate**

- **David Vosol: Partner, Banking/Finance, M&A**
- **Fritjof Winkelmann: Partner, Energy, German Law**
- **Jiri Barta: Partner, Real Estate, Construction**
- **Igor Augustinic: Partner, Corporate, Banking/Finance**
- **Marc Muller: Partner, Energy, Public Procurement**

CEELM: Congratulations on the tenth anniversary of bpv Braun Partners. What does this milestone mean to you?

A.B.: Ten is of course only a number, but ten years of success in the legal business means a lot. It is a confirmation of the strategy we pursued when we left the slow but safe tanker of an international law firm for a smaller but faster ship run by ourselves. We wanted to keep the good elements of international firms, such as continuous training, secondments, know-how sharing, and succeeding in challenging transactions, but combine them with the advantages of local structures, such

as greater partner involvement, lower overhead costs, greater flexibility, and being closer to the local markets.

CEELM: How did you celebrate this significant achievement?

A.B.: On June 16 we had a large celebration with our clients and friends in the reconstructed Manes Café and Gallery with an artistic background and program. And a summer outing with the other bpv offices to Transylvania this September will be the highlight of our internal celebrations.

CEELM: Why did you each join bpv Braun Partners – why do you think it's the best place for you to work?

A.B.: I love being a lawyer, being creative, not a bureaucrat, and working together in a partnership where I still can influence matters, not being driven by numbers from a New York CFO. In our present structure I feel that I can use my capabilities best.

P.V.: I started working at Haarmann Hem-

melrath in 1997 and was set to become Partner in 2006 of what at that time was the largest German-based international law firm. When the Prague operations of Haarmann Hemmelrath were taken over by bpv, remaining with the firm was the logical choice for me.

D.V.: I was attracted by the positive personality of the Partners, the high legal proficiency of the firm, and its culture. I appreciate being a part of an office with an international background and deep local knowledge.

FW.: Working in a team of CEE experts has always been an honor and pleasure.

J.B.: It's about the people and team you work with. Absolute fairness among us and long-lasting partnership is fundamental for me. I enjoy the balanced team, which includes some real friends I spend free time with.

I.A.: I joined the firm with the aim of further developing our Slovak practice in Bratislava. Opening the Slovak office was a great challenge for the whole firm while expanding our alliance. It turned out to be a step in the right direction. Being present at the creation of something new – not from scratch but by making use of our long experience in Slovak law and environment – is very exciting.

M.M.: As a former in-house-counsel and client of bpv I appreciated the high quality of work bpv offers by being ground-based with an assertive approach. It was also a sort of homecoming since I worked for the office in my legal training.

CEELM: How would you describe your practice in the Czech and Slovak Republics?

A.B.: M&A and corporate are the core areas of any law firm of our size. Even after having managed hundreds of small and large transactions, I still enjoy the feeling after the signing of a transaction when all the work has paid off, seeing happy clients suddenly relaxed, parties that hours ago were still ready to go to war. And there really have been a lot of these transactions in the last couple of years, partially the generational change with the first generation of Czech entrepreneurs slowly leaving, but also a lot more regional investors looking for opportunities.

Competition law has always been the meeting point of internationally-minded people with a good understanding of the business thoughts behind the issues. The issues our antitrust law team solves now are much more sophisticated compared to the merger-control-only cases we had 20 years ago. And the fines for violations

are much higher.

P.V.: Litigation has taken on greater importance in recent years, partly due to the economic upsets putting greater pressure on companies to collect outstanding receivables and partly due to the increased number of more complicated insolvency proceedings. The Czech market has consolidated, shares in companies are being concentrated in fewer hands, and some investors are withdrawing from the market. A large proportion of our litigation consists of corporate disputes.

D.V.: My practice area of Banking and Finance has changed rapidly. There are two aspects seen on the legal market nowadays. The commoditization of services on one side, and an increasing demand for tailor-made services on the other side. This is also our aim: To become the preferred legal counsel in complex projects & structured finance where our clients appreciate our smart and fast solutions.

FW.: It is a special challenge to advise Czech clients in German law, because you have to explain the differences from Czech law. On a more general note, as the market changes, lawyers often have to take over the functions of manager, sometimes even helping the client to find the right business partner and to manage a project.



On June 15, 2016 bpv Braun Partners celebrated its tenth anniversary with a 1920s themed party in Prague. Enjoying in style are, from l to r, Partners Pavel Vincik, Marc Muller, Fritjof Winkelmann, and Arthur Braun.

J.B.: The real estate and construction sectors reflect, with some delays, the sinusoid nature of the economy. Right now there is plenty of optimism, and it is a good time for sellers and new projects where the investors are very active, good projects are sold quickly, and prices are going up.

I.A.: A similar situation and development to that evident in the Czech Republic can also be seen in our Slovak practice areas. On top of this, we see that even more than in the Czech Republic, personal contacts to the local decision makers, references, and experience from previous cooperation with them are crucial to gain new business.

M.M.: There are the classic players like CEZ, PRE, and E.ON struggling to adapt to the new environment of low wholesale prices, new services, and technologies, after having undergone the changes of privatization, unbundling, and market opening in the first decade of this millennium. Then there are the new players who offer products like electricity and gas at lower prices and not always in line with legal regulations – with things like door-to-door sales, etc..

For about ten years I have been dealing with the solar/renewables sector. This sector is very complex, and after many years in-house with one of the “old-school” players, where I experienced everything that can happen, there is still lots of work to do. However, the regulations in the Czech Republic are generally of a good quality and – for example, compared to Germany – quite understandable. Energy, as one of the most intensively transforming industry sectors, will continue to change (driven by technology and customer behavior, but also legislation) and will consolidate. Others again point toward a trend of decentralization in energy.

CEELM: What exactly is the firm’s origin story, and how has it changed over the years?

A.B.: At the beginning of 2006 we were in talks with US and Austrian as well as German firms whether to join them. We decided against that. Basically we set the trend of offices leaving mega law firms, as in our jurisdictions, they will not offer

the growth opportunities they did before. In 2006 we were for historic reasons still more active in German/Austrian business, but since then have grown into a truly international firm without neglecting that very important German-speaking market. The opening of our office in Bratislava five years ago shows our thinking of CEE as one region in many – but not all! – respects

CEELM: How has the market changed in that time?

J.B.: The legal market has become much more educated and sophisticated; the clients know what kind of service they are asking for and what would be a fair remuneration for these services. We see increased competition, especially from local and regional law firms. In contrast, some of the big international firms have left the market in the last few years. Quality, flexibility, and business understanding of the client’s needs remain the key to success.

CEELM: You’re now one of the best established and most successful law firms on the Czech legal market. What do you attribute your success to?

D.V.: It is how you deal with your clients. We always put in great effort in order to understand what needs the client has and what he wants to achieve. The deep understanding of particular markets such as energy, real estate, banking, and M&A, as well as our business thinking, helps meet the highest expectations of our clients with us on their side. I personally feel very much obliged to contribute to the success of our clients. And when this comes off, that is the way I can enjoy my job.

CEELM: What do you think bpv Braun Partners’ particular strengths are – both in practice areas/sectors and in personality/capability – and why? How is bpv seen from outside, by clients?

M.M.: The biggest strength is the people working here, their excellent knowledge of law and business, such as in the energy sector, but also having basically a trilingual team. For a client it is very important to have a stable team of lawyers to work with. Since the core of the client-lawyer relation is trust, the long-term stability of

the team is essential. It is not only the legal side of the work but also the human factor of the relationship that gives bpv strength and distinguishes us from other players on the market.

CEELM: How is the firm structured?

P.V.: Our firm’s vertical structure is the standard seniority-based structure. Our clients need experienced attorneys who work more efficiently and thus more cost-efficiently than junior attorneys and often request a partner or managing associate to handle their case personally.

On a horizontal level we work in practice groups, including attorneys at different levels of seniority led by a partner. Clients expect us to offer knowledge and experience with specialization in certain fields going beyond that of attorneys in general practice.

CEELM: bpv Braun Partners is part of a well-established CEE network of firms. What are the particular advantages of that structure?

F.W.: The advantage of bpv LEGAL is speed and efficiency in assisting clients in cross border transactions – when needed we work as if we were only one firm as we have done for more than 15 years. Also local legal advice is more profound when professionals know how issues are solved in the neighboring jurisdictions. And it is highly motivating for lawyers to work in international practice groups, to meet colleagues from the other offices in joint trainings, secondments, summer, and ski outings ... but the best, of course, is working together on a case.

CEELM: What are your plans for the next ten years?

A.B.: We will remain focused on the CEE region and continue our organic growth. Our future business will remain extremely client-oriented. Similar to the concept Industry 4.0 we will use IT to interact even closer and faster with our clients in their daily needs. And we will continue to identify new trends in the business and try to be on top of the developments of the sector – all within a harmonious partnership with our team, the clients, and us partners ourselves.

David Stuckey

Change at the Top:

YukselKarkin Confident Going Forward

On June 16, 2016, CEE Legal Matters reported that Turkey's well-known YukselKarkinKucuk law firm – the largest law firm in Turkey – had transformed into the YukselKarkin Attorney Partnership. We reached out to Partners Cuneyt Yuksel and Murat Karkin to find out the details.



CEELM: This has been an interesting few weeks for the former YukselKarkinKucuk. Can you bring us up to speed on everything that's happened?

YK: Taking into consideration the financial and legal markets and also our significant growth over the course of the past several years, we had been working on a restructuring plan with the aim to streamline our organization and maintain our dynamic structure. We implemented this restructuring process at the end of May and yes, therefore, it has been an intense period for us all.

First, we parted ways with Muharrem Kucuk, who was one of our named Partners and Head of the Finance and Projects department. The decision was made after lengthy and careful consideration and we wish our friend and colleague the best for the future. Muharrem will continue to assist us, if need be, during this transition phase.

Following Muharrem's departure we have changed our name to the YukselKarkin Attorney Partnership.

As you know, in May, a national newspaper published a bizarre article about YKK and DLA Piper without approaching us for comment. We were surprised, saddened, and to be honest a little bit bemused by this article that was published without the writer's name. We sincerely believe it is not worthy of comment. But we would like to point out that we have taken all necessary actions against it.

CEELM: Can you tell us what you

mean when you refer to restructuring? How will the firm look when that process is complete?

YK: Since our incorporation we have been through a gradual growth progress which was due to the boost in the Turkish economy between 2009 and 2014. During this period we saw an influx of international corporations bringing foreign direct investment into Turkey and also a large number of prominent Turkish corporations making significant investments abroad. Our firm played a significant role in many of these transactions. Currently, we believe that both the global and local economic environment is causing investors to be more cautious. Therefore, we deemed it necessary to streamline our partnership, but at the same time, we invested in areas which we believe would serve best to our clients. We have adjusted our organization accordingly and unfortunately had to part ways with some of our Associates as a result.

After our restructuring, we remain one of the largest law firms in Turkey with a total of 75 attorneys. We – Murat Karkin and Cuneyt Yuksel – continue as the named Partners and Co-Managing Partners of YukselKarkin Attorney Partnership together with a team of 12 Partners. We have 9 departments: Corporate, Dispute Resolution, Finance & Projects, Real Estate, Competition, Intellectual Property & Technology, White Collar Crime, Employment, and Tax. We remain a true full service law firm.

CEELM: How will Muharrem's departure affect the firm's Finance department? Who's taking it over, and what are your plans for it?

YK: The Finance & Projects department will be headed by Isil Okten, who has been a Partner in the department for four years. She has extensive experience in a wide range of finance matters including

cross border syndicated and bi-lateral lending, acquisition finance, project finance, structured finance, debt capital markets, and Islamic finance. Isil also understands what it's like to be an in-house lawyer, having previously worked at Akbank in such a role.

Our Finance & Projects department maintains its strong team of nearly 10 experienced Associates. We are confident that the transition process will go smoothly for our clients and our team and our department's success will continue under the leadership of Isil Okten.

CEELM: If you could leave our readers with one message about YukselKarkin Attorney Partnership and your expectations for the future, what would it be?

YK: Since our establishment we have had, and continue to have, a confident outlook about both Turkey's and our firm's future.

At YukselKarkin Attorney Partnership we give the best quality service to our clients in large scale and complex transactions as well as extraordinary situations encountered by our clients that may challenge their daily businesses and investments. We are the first full service law firm in Turkey and our partnership offers the best solution for legal services under one roof.

Our corporate structure and strong organization also cultivate diversity, which allows our lawyers to develop both in terms of knowledge and experience.

By virtue of the number of our lawyers, our wide experience, our abilities, and the progressive steps we took, YukselKarkin Attorney Partnership is determined to carry on as one of the top law firms in Turkey.

David Stuckey

Industry Report: In Media Res



Contributing to this Report



Hristo Nihrizov; Partner;
Dimitrov, Petrov & Co. Law Firm



Lucia Tandlich; Head of Legal;
Markiza - Slovakia



Monika Horvath; Partner;
DLA Piper



Oleksandr Padalka; Partner;
Sayenko Kharenko

Comprehensive Review in Bulgaria



Indian film actor/director/producer Ajay Devgn (in Action Jackson (2014)) turned to Bulgaria for the filming of his second feature.



Hristo Nihrizov; Partner;
Dimitrov, Petrov & Co.

Hristo Nihrizov, Partner at Dimitrov, Petrov & Co., reported that the Bulgarian TV and radio markets are dominated by three big, established operators in the country. There are some new international players (e.g., Bloomberg recently launched a new business-oriented channel with a local partner), but Nihrizov noted that these new channels usually face an uphill battle in carving out market share and generally focus instead on niche markets. Overall, though, he pointed to a growing number of channels in the country, “which is good for the consumers.”

In terms of print media, Nihrizov said: “I think we are lagging behind here, with not much in terms of new products. The ownership of the print outlets is constantly discussed as to whether it is inde-

pendent and objective or not.” He added: “Consumers tend to not trust the media. As an example, I recently read an article that said that only 17% of the consumers believe in the independence of the media, and confidence levels in it are also quite low, with numbers being reported along the lines of 59% of people thinking that all media depends on their publisher’s political and business interests.”

As to the film industry, Nihrizov mentioned that it is growing, with “more and more local productions made and distributed on local TV channels. Furthermore, several movies produced locally have won awards and international competitions; overall the industry is in a much much better place than five years ago.” Nihrizov also pointed to an increasing “interest from foreign studios who are contemplating entering the European market through Bulgaria, such as from Bollywood, Turkey, and even some from the US.” When asked if that is driven by benefits – similar perhaps to the tax credits extended in Hungary (see page 43) – he explained that, “There are some benefits for local productions, but I don’t think that’s the main driver. Rather, I think it has to do with the natural resources of the country: we have beaches, mountains, all four seasons, meaning one can shoot just about anything here.” In addition, he said, “we have some really good studios

here, and the workforce is still relatively cheap compared to the rest of Europe, so you end up with a production branded as coming from the EU with less financing for the workforce, and the quality, I think, is great. Also consider that there is a lot of IT input in film production and Bulgaria is one of the top five outsourcing destinations – everything from graphic design and technology components of the productions can be found locally.”

On the legislative front, he said, despite some minor changes in the regulation of state-owned media, overall not much has changed recently. Nihrizov reported that at this point everyone is waiting to see how things will evolve with the pending overhaul of the EU media framework, which, in many parts, dates back to the 90s, which “makes it considerably outdated and not able to cover many updates such as convergence of services and online content, for example.”

Finally, Nihrizov said, Bulgaria is now working on the Collective Management of Copyrights and Neighboring Rights Act, which will likely come about by the end of the year. On this, he commented: “I am curious how it will change the market of copyrights and production, especially in terms of distributors – it will definitely reframe this part of the business.”

Busy Filming in Hungary



Blade Runner (Image source: movieweb.com)

Monika Horvath, Partner at DLA Piper in Budapest, noted that film production is busy everywhere these days, both in Hungary and in Europe as a whole, with the distribution channels increasingly focusing on producing their own content. “And you feel it, because there are a lot more productions coming to Hungary, to the point where it is starting to prove difficult to find venues that are not booked up. This translates into us having a lot of work as we see a lot of big productions – both TV series and movies – across the board.” Horvath gave the example of the *Blade Runner* remake as an exciting project that will be filmed in Hungary soon, but said: “We also have plenty of television series which are returning and some have even already booked for next season now that they concluded this cycle, so I would say business is good and all are happy.”

Horvath reported that Hungary’s attractiveness as a location is bolstered by a tax credit, which two years ago was increased to 25%. “This really assisted in increasing the attraction of the country,” she explained, “complemented by the fact that the Hungarian government also implemented several legal changes to make sure that the tax credit money is available for production.” Specifically, she said, in January of this year a guarantee was introduced topping up the money available

in the central depository fund (normally used to fund the tax credit) on a quarterly basis should there not be enough funding available. “It’s a kind of a state guarantee that we already see working to decrease the risks of production,” she commented.

Horvath explained that the Czech Republic has a similar credit, but it has a cap and one needs to register for it – registration that is only valid until the cap is reached. “There is, indeed, a cap in place on Hungarian benefits as well, but that is only a cap on the amount guaranteed, rather than on the credit, and experience has shown so far that the cap of the guaranteed amount, which is HUF 14 billion in 2016 (approximately EUR 45 million) is really set high enough in any case.” Horvath added that there are tax incentives in place in some other markets as well, including the UK, France, and Germany, but – except for Hungary, the Czech Republic, and Slovakia – none really in most CEE markets. She noted that Poland is contemplating a similar plan, but it is unlikely that it will be implemented for at least another year.

In terms of upcoming legislation, Horvath pointed to a revision in tax legislation that will become effective on July 1, changing the definition of royalty revenues for taxation purposes. She explained: “We had to comply with the



Monika Horvath; Partner;
DLA Piper

OECD guidelines, according to which some of the practices in Hungary are harmful, such as the favorable tax treatment related to licenses fees. The system of them being traditionally discounted to 50% for corporate tax purposes was [determined not to be consistent with] the OECD guidelines and, as a result, the definition of the royalty had to change, and only patents and other industry-type of copyrights would benefit from these discounts.” As a side effect the benefits from an exception to the 2% local tax was also eliminated. “For film productions it means that they cannot benefit from the alternative structures [they] used earlier, like sale of copyright or co-production structures, but I think, or hope, the market will remain competitive irrespective of such changes.”



Horna Dolna is one of the most popular television series in Slovakia.
(Image source: markiza.sk)

In-House with a TV Station in Slovakia



Lucia Tandlich; Head of Legal; Markiza - Slovakia

Lucia Tandlich said that, in her role as Head of Legal at the Markiza-Slovakia TV station, she has to deal with a wide range of issues, from commercial law, to administrative and civil law, to protections and pre-litigation negotiations (for matters related to trademark infringements, protection of personality and/or reputation, and so on). These are complemented on the production side with copyright issues, which take up much of her time, along with legal matters related to sales, which are also under her control.

Other areas on her “standard agenda” relate mainly to the Law on Broadcasting and Retransmission and the Law on Copyright. The former includes matters such

as the protection of minors, protection of personality, neutrality, and objectivity of news, meeting requirements applicable for TV advertising, and following the requirements of the licenses granted by Slovakia’s Media Council. The latter – the Law on Copyright – requires that she to settle all rights with authors, performers, and all people involved the the production phase of the TV broadcasting. Part of this process involves concluding contracts with foreign format owners and the right-holders to the formats produced internally, or acquiring rights to movies for broadcast. Many of these tend to be volume deal contracts.

Tandlich said that she keeps most of the work in-house, but tends to outsource litigation because “it is really hard to deal with that on a regular basis since many of the cases are spread geographically throughout the country.”

She also reported that the biggest challenge of working as an in-house counsel in a TV station is, “the flexibility of it all, combined with the fact that you are always operating under time pressure. Specifically, if a news item is prepared to go out at 7:00, you tend to get called up at 5:00, or sometimes even a few min-

utes before going live, and these kinds of hasty decisions, without always knowing all the facts, are not something that lawyers are comfortable with.” The secret, she said, “comes down to simply having a lot of knowledge as to the main potential problematic areas and being able to react at any point.”

Tandlich highlighted several significant changes to Slovakian legislation expected to come into force in the near future in the form of an amendment to the existing Law on Broadcasting and Retransmission “if the proposed changes to the AVMS Directive are adopted by the EU Parliament.” She explained that “most of the changes relate to the advertising part of the business, which are inevitable [as] advertising is the only type of direct income for the private TV broadcaster. Due to the fact that in our territory private broadcasters are not financed by the compulsory fee paid by the households or funded by the state from the budget as in case of public TV, any progressive and not restrictive change in that respect is welcome.” Down the road, she said, she also expects “the adoption of a new law on broadcasting and retransmission, the preparation of which has been declared several times by the local legislator.”

The Revizor Precedent and a Developing Trend in Ukraine



Image source: hotel-oldcontinent.com



Oleksandr Padalka; Partner;
Sayenko Kharenko

Oleksandr Padalka, Partner of Sayenko Kharenko, reported that one of the biggest developments affecting Ukrainian media is a recent ruling by the commercial court in a dispute between two Ukrainian TV channels. He said the ruling has played an important role in defining and “protecting the rights to media projects (in this case, a reality show in which the show presenter checks the quality of service provided by establishments in the service sector – specifically, of the hotel/restaurant/cafe industry).” Padalka explained that the court’s ruling establishes the criteria for media project copyright protection and specifies the criteria by which ideas that are not copyrightable and the concepts of media projects may be distinguished from the actual form of the work, the rights to which may belong to another person.

In the particular dispute, Padalka explained, “the claimant asserted that he was the owner of the intellectual property rights to the Revizor audiovisual work and the scenario of the Revizor TV show literary work. During September 2014 the respondent broadcast a TV show named Inspector Freimut, using the same idea. Moreover, the host of both Revizor and Inspector Freimut was the same person (Mrs. Olga Freimut).” According to Padalka, “the claimant argued that the Inspector Freimut TV show was created

by unlawfully adapting both the audiovisual work and the master scenario of Revizor, and thus infringing the claimant’s copyright. The claimant also provided the court with a list of the parts of the works used in the Inspector Freimut show.” The respondent relied on the rationale that the idea used for the Revizor show was not new. “Furthermore, [the respondent] asserted that ideas or concepts are not subject to copyright protection. Also, the respondent argued that the TV show could not be regarded as a derivative work from both the audiovisual work and the master scenario,” Padalka explained.

In ruling in favor of the claimant the court prohibited any further broadcasting of the Inspector Freimut show, and awarded the claimant about UAH 1 million (a little over EUR 35,400) in statutory damages for copyright infringement. Padalka explained the ruling: “The court commissioned an expert investigation in the course of which episodes of both the Revizor show and the master scenario were compared with the episodes of the Inspector Freimut show. Having conducted the comparative analysis, the expert concluded that a number of copyrightable elements of the Revizor show (including the public image of the show’s host, the pattern of the inspection, the intrigue of both shows, and the criteria and outcome of the inspections) were used in the Inspector Freimut show. The court also held that the elements of internal form (the composition of the work, its structure, and its artistic images) and external form (the language, vocabulary, style of speech, etc.) of the literary work constitute its copyrightable elements.”

The implications are considerable, according to Padalka, as the decision “defines the approach to drafting and the list of documents that could ensure a further protection of copyright in media projects (in particular, if a well-known show presenter of a well-known TV show moves

from one channel to another).” The criteria employed by the court are also important, he explained, as they will likely act as “a potential basis for distinguishing between ideas and concepts and the use of the form of the copyrighted work (its elements),” which “would definitely have an impact on future court practice in similar disputes.”

In terms of legislative updates, Padalka said that the market is keen to see “long-awaited” amendments to the Ukrainian copyright law. “The amendments should introduce a local takedown notice procedure,” he explained, “which should provide valuable support to media owners in protecting their IP rights on the Internet.” As to the status of the amendments, “there is no doubt that it will happen soon,” Padalka said, explaining that “media owners are the first who push the amendments forward, given also that these amendments are part of a broader package aimed at state support for cinematography in Ukraine.”

Finally, Padalka explained, it seems like Ukrainian legislature will continue to limit the penetration (or retransmission) of content produced in Russia into Ukraine, as “a pro-Ukrainian trend dominates in media.” At the end of 2015, he said, amendments to Ukrainian media laws entered into force which “concern, among other things, the prohibition against Russian legal entities and individuals incorporating and participating in Ukrainian media companies.” Furthermore, on June 16, 2016, the Ukrainian Parliament “introduced minimum quotas for Ukrainian language songs on the radio.” The initial quota is set at 25% of the total volume of songs, according to Padalka, but during the next two years it will increase to 35% (with a 5% increase per year). One positive effect of these developments is that “such limitations drive Ukrainian media to create their own content. This positively effects development of the local content production industry.”

Market Spotlight: The Balkans



In this section:

■ Guest Editorial: No More “Interesting Times” for the Balkans	Page 47
■ Belgrade and Beyond: Top Legal Experts Gather for Serbian Round Table	Page 48
■ A Checkered Reality: Croatia Recovers in Fits and Starts	Page 54
■ Albania: A New Bankruptcy Bill is Finally Knocking on Our Doors	Page 58
■ Montenegro: Renewable Energy in Montenegro	Page 59
■ Inside Insight: Dino Aganovic	Page 60
■ Inside Insight: Anita Pejic Ilisevic	Page 63
■ Inside Insight: Milan Lomic	Page 64
■ Inside Insight: Ante Sucur	Page 66
■ Inside Insight: Sandra Simic	Page 68
■ Inside Insight: Erion Doko	Page 70
■ Expat on the Market: David Schoch	Page 72

Guest Editorial: No More “Interesting Times” for the Balkans



The Balkans is a fragile region where bad news come first and good news last. As a rule, economic crises hit the Balkan countries first, and the Balkans is usually the last region to experience economic rebound. The legal profession in the Balkans shares a destiny similar to that of the local economies – the common thing for commercial and corporate law firms in the Balkans is a constant flux between good times and bad times (with a frequency higher than in the rest of Europe). In such an environment, local firms have gotten used to operating in bad times and have a robust set-up where the headcount is carefully adjusted to the upturns in business, but always with a view to easily reaching a sustainable number of employees when the rainy days come. Therefore, unlike perhaps in some other parts of the CEE, law firms in the Balkans generally do not experience big changes in headcount, and the average number of lawyers in these law firms is lower than it is in the rest of CEE (and of course lower than in Western Europe).

Another common trait of the Balkan legal markets is that several Austrian law firms have regional outposts in each and every country, but no other international player is present in the entire region. The alternative to Austrian coverage of the region is a handful of networks or alliances of law firms which, with more or less success, are able to offer unified legal products across the board. The absence of Magic Circle firms or other international or global firms is a clear indicator of two main problems inherent in the local legal markets: fragile economies and small markets where deployment of an office does not make economic sense. However, local lawyers see this as a genuine opportunity to serve as preferred law firms to the big international players, and every country boasts several law firms whose success is built on the relationship with and referral work coming from the larger international law firms. These firms,

with client bases dominated by foreign clients (or their local branches), prove to be more resilient during times when local clients experience difficulties paying for legal services or cut demand for the services. It is therefore not surprising that in this market constellation there are not many newcomers. What is common to these markets are spin-offs from the already established firms. The spin-offs have generally proven to be successful – and often represent the only “new blood” on the market.

The prospects for the region and its legal markets are positive, even though in the near term they are not likely to be as successful as Western Europe or the Scandinavian countries. My optimism is founded on the fact that relatively soon most of the Balkan countries will be in the European Union, with unified and predictable legislation. Although the EU has current and cooperative challenges (particularly the potential outcome of the Brexit crisis), it still offers the Balkan countries more potential benefits than any alternative. If the Balkans are to have a decent period of quiet in which there will be no more wars, immigrant crises, or unexpected world economic crises, these countries and their legal markets can do quite well and prove to be a hidden jewel for direct foreign investments. The Balkan legal markets will become visible on the radar, and sooner or later we will witness mid-sized international law firms putting their flag on the region. This will significantly increase competition, making it harder for the local players to continue attracting top talent because international newcomers will be able to offer greater opportunities for young lawyers to be part of large international networks, with related secondment opportunities, further training and education, and travel. On the other hand, the top tier local firms are likely to remain the preferred choice for the most sophisticated deals requiring the best local knowledge and experience – a competitive advantage which any newcomer will find hard to match.

Of course, things may go in a completely different way – the EU may dissolve, another big crisis may strike, or the world may go crazy and enter into a new regional war (the latest developments between Russia and US are a reason for concern). If that happens, in the Balkans we may again experience “interesting times.” My hope is that we, who live and work in the Balkans, never again hear the old phrase “May you live in interesting times” – we have had enough of it and we need some boring, peaceful times to prove that we can do much better with all the resources, talents, and knowledge at our disposal.

*Damir Topic, Partner,
Divjak Topic & Bahtijarevic*

Belgrade and Beyond: Top Legal Experts Gather for Serbian Round Table

In preparation for this issue's Market Spotlight on the Balkans, CEE Legal Matters organized a June 8 Round Table at the BDK Advokati office in Belgrade on the subject of the current state and prospects of the Serbian business and legal services landscape.



The Serbian Market

There was some disagreement about the state of the Serbian economy, perhaps based on the report by Tijana Kojovic, Managing Partner of BDK Advokati, that, in Serbia, “it is risky to make economic projections” since the market is not always fully transparent and, as a result, it is not always easy to see trends developing. Nonetheless, she said: “It is my impression that we are in a very modest growth stage.” Sandra Simic, Head of Legal and Compliance Officer at Henkel Srbija, disagreed, noting that “the figures I am seeing indicate that the market is stagnating.” Kojovic pointed out that such a distinction “is not necessarily representative of the legal landscape and the amount of work for law firms,” noting that, at the moment, her firm is looking at NPLs as potential sources of work, plus “a rise in restructuring and insolvency work, as well as an increased amount of regulatory mandates, in particular around data protection issues.” On this latter subject, Kojovic pointed out that whereas many such assignments came initially from international companies, her firm has lately observed an increase of mandates from local companies as well. “I also believe that state aid control will improve here. Looking in other jurisdictions, especially those in the EU, I expect a lot more assignments in this area coming up. I also expect more private enforcement of competition law infringement through private claims for damages—a very hot area elsewhere.”

Bogdan Gecic, Managing Partner of Gecic Law, agreed with this projection and reported a rise of state aid cases since 2013. “I think there is a broader context here: the fact that negotiations have opened with the EU has changed the game,” he said, adding: “We are experiencing some extraordinary times for the legal market with the addition of the European Commission as a new stakeholder in the game. In that sense, I feel that having a quasi-independent and neutral party has, so far, brought about positive changes.” With Chapters 23 and 24 of the accession process due to open very soon, Gecic said, “this will mean further harmonization in terms of legislation and additional interest on the EU Commission’s part in high profile state aid cases, something we have already witnessed.” Gecic said that state aid is going to become a particularly interesting subject to follow in light of Serbia’s current approach, which is geared towards attracting greenfield and

brownfield investments via subsidies, and he pointed to the new investment act from last summer, “announced under the broader message of subsidizing foreign investors.” The effect on the Serbian economy of such investments, Gecic noted, can be significant, as the country’s economy, compared to Slovakia’s, for example, is “rather tiny.” As a result, he explained: “We only need three or four big transactions to change the landscape drastically. For example, there is an EBRD study that shows that, when the Zelezara Smederevo deal closes, the EBRD anticipates it will lead to a 3.8% total increase in Serbia’s GDP in 2017.”

“We only need three or four big transactions to change the landscape drastically”

Yet it’s not just state aid but rather regulatory work in general that firms report being on the lookout for. Luka Lopivic, Partner at Moravcevic, Vojnovic and Partners in cooperation with Schoenherr, explained. “Serbia is implementing EU laws but, in some instances, they have not been implemented fully, so clients require our guidance how to navigate through this complex set of rules. This blend of EU harmonized and Serbian specific regulations creates a considerable amount of work, in particular in capital markets and financial services.”

Staying on the subject, Natasa Zavisin, Partner at Zavisin Semiz i Partneri (ZSP), suggested that the amount of work arising from the government’s commitment to encouraging development was also related to some of the obstacles in the country to its implementation. “What we find to have the strongest impact is the lack of infrastructure. Even in some instances where the pieces of legislation are very progressive or well-aligned with EU standards we lack the infrastructure to implement it fully – people, training, supporting institutions.” She added: “We even find it difficult at times to communicate with the relevant authorities. It might be a bit of an old heritage element but there seems to be a lack of understanding in terms of what the general reforming trends are. The speed of updates is also, at times, a challenge, whereby you are faced

Round Table Participants



Luka Lopacic; Partner;
Moravcevic, Vojnovic and Partners in
cooperation with Schoenherr



Tijana Kojovic; Managing Partner;
BDK Advokati (Host)



Natasa Zavisin; Partner;
Zavisin Semiz i Partneri (ZSP)



Bogdan Gecic; Managing Partner;
Gecic Law



Rastko Petakovic; Partner;
Karanovic & Nikolic



Branislav Zivkovic;
Managing Partner;
Zivkovic | Samardzic



Sandra Simic;
Head of Legal Department and
Compliance Officer; Henkel Srbija

with something new, many times yet untested. Lastly, there's a bit of an odd trend to be directed to ministries to solve very basic questions that we need an answer to."

When asked to weigh in from an in-house perspective as to the communication channels in place with regulators, Simic reported that it is not yet fully open and referred to the issue of building permits as a recurring challenge for Henkel. She explained that "if you need to open communication with the ministry, it is many times not an easy task." On the other hand, in terms of the regulations themselves, she explained that although her company is sometimes able to see drafts of some pieces of legislation, others are "simply being published in the official gazette and due to come into force in a couple of days." This, she argued, can be quite a burden.

Branislav Zivkovic, Managing Partner at Zivkovic | Samardzic, explained that while frequent changes in the law provide more work for law firms, "it also brings a high level of uncertainty for the clients. If there are significant regulatory changes too often, it is then difficult, as a business, to know what you can count on."

Kojovic also mentioned that she is seeing an increased interest in alternative financing arrangements, through various queries on regulatory framework for bond issuance and various alternative lending arrangements: "This may be a signal that we may soon see a shift away from the traditional financing via banks. For example, the EBRD is now looking to issue RSD bonds and on-lend the proceeds for various projects in Serbia."

The Judiciary

The conversation then shifted to the Serbian judicial system and its impact on business. Zivkovic expressed a tempered hope, saying, "my personal opinion is that nothing will be changed overnight," and adding: "We hope things will improve not only in terms of regulatory stability but also in terms of the judges intended to implement those regulations." Zivkovic also described a failure of continuing education for judges: "there are usually a lot of problems with their [the judges'] motivation to improve themselves and keep apprised of what's going on in terms of trends. It does happen at times that the new regulations are maybe not adequate for Serbia – sometimes they simply try to achieve more and



faster than the system can accept it.” Finally, Zivkovic expressed frustration “with the fact that those who should implement reforms tend to rely on interpretations from the ministries or the government, which translates into situations where a deal that should be relatively simple cannot be closed without asking for the opinion of some high level ministry representative.” This, he explained, “means that too much ends up depending on or affected by a governmental opinion in cases where there is no formal power in place.”

When asked if the lag in terms of the judicial reform is caused by corruption or by the same infrastructure phenomenon that Zavisin had referred to earlier, Zivkovic said: “I wouldn’t say it’s corruption. It is present, probably, but at least our office hasn’t had any direct contact with this. In essence I believe it’s the inability of judges to understand what the reform is about. Another thing that comes into play at times is this trend for bureaucrats to generally err towards not making mistakes rather than making a call that’s progressive.” Gecic concurred, reporting that “confidence” was one of three elements that slow the implementation of reform in the judicial system. He explained: “Our judiciary simply does not perceive itself as an equal power in the state.” The other two elements were “human capacity,” as the country “simply lacks the capacity both in the administrative and judiciary branches,” and “meritocracy – since it is difficult to perceive the precise criteria which should be applied when it comes to meritocracy and how the judicial system promotes people within its own ranks”

Zavisin also identified a problem specific to the recent history of the region. “I recall the market in the mid-90s when we faced a collapse of the judicial system,” he said. “The main outcome of that collapse was the most senior members of the judiciary ended up leaving, as a result, a huge black hole, with their younger peers never fully being educated as a result. What I mean by this is that I feel experienced judges are required to share their knowledge and best practices [among one another] rather than relying on them to be self-taught. As that generation has grown older without a real chance to develop, I feel that the drive for improvement is currently greatly diminished. I’d like to be wrong, but because of that I don’t think we’ll be in a position to see any real improvements in the next ten years, unless something drastically changes and massive pushes towards trainings and reforms are implemented within the system.”

Zivkovic concluded the conversation about the judiciary on a hopeful note: “I am still optimistic about this process and think it’s only a matter of time, rather than ‘if.’ In the meantime, though, it is a bit frustrating not being able to tell the clients what they can realistically expect the final outcome of a case to be.”

Law Firm Strategy

When the subject switched to trends in building and managing law firms in Serbia, Kojovic explained that: “We’ve been trying since day one to set up and run this business according to the model of Magic Circle firms, in terms of practice and sec-

tor focus, excellence in service and client care.” She added: “apart from being a business role model, global law firms are our important clients because multinational clients channel work through them.” Rastko Petakovic, Partner at Karanovic & Nikolic, noted that the level of exchange with internationals has increased significantly in recent years. He referred to the secondments his firm has set up abroad as one of several ways it engages in knowledge exchanges with the larger international firms.

Lopicic, at Moravcevic, Vojnovic and Partners in cooperation with Schoenherr, reported that one of his office’s unique selling points was its ability to stay flexible. “I mean that we can adapt relatively fast to new trends and new clients,” he commented, and referred back to Gecic’s earlier analysis on the size of the Serbian economy: “If one, two, or three big deals have such a big impact on the economy of the country, you can also imagine how two or three large deals look like on the bottom line of a firm. As a result, it is important for us to not shift too much from one client to another or from one industry to another too fast – rather to build up our dedicated services towards existing ones.”

Zavisin explained that ZSP had intentionally chosen to stay small and did not plan to grow too much: “We experienced the larger team life and simply found that boutique work is more attractive for us. We get the flexibility to really tailor our services. We get to be really close to the clients, get to know their specific philosophies and business needs. We’re simply very comfortable with [that] kind of space.”

Simic, as a client for legal services, was enthusiastic about the variety of options he could choose from. “What is offered in the market definitely meets our needs at the moment,” he said. “Yes, big corporate law firms are generally the ones preferred by my superiors because they work in Europe and are familiar with these bigger systems. We also generally like firms that are able to cover multiple jurisdictions. Nevertheless, for certain matters, I prefer not using firms from our preferred suppliers list but resort to using a lawyer in whom I have faith and trust.”

And Gecic believed that there is still plenty of room for the market to grow. He explained that his firm, Gecic Law, ran a competitive assessment of the market two years ago. The results showed that it



is “completely unsaturated,” as they could identify only around 350 lawyers practicing corporate law out of the 8,500 or so lawyers in Serbia. “In our opinion that is one of the biggest opportunities,” Gecic commented. “The market is changing rapidly, clients have become more sophisticated, the demands are a lot more complex, and commodity work is becoming increasingly difficult to bill to clients. In the past, corporate law seemed high-tech. Now it is radically different, with clients expecting a hands-on and business-oriented approach, not just a technical nay-sayer’s approach.” And despite Kojovic’s report that, “unfortunately, [the nay-sawyer approach] is still the main approach in terms of formal education for lawyers in Serbia,” Gecic claimed that the complexity of clients’ expectations was increasingly matched by the complexity of law firm structures, with “questions about tiered partnerships, lockstep, or other approaches being just some of the questions now on the table that we weren’t discussing 15 years ago.”

Furthering Gecic’s claim that firms are increasingly sophisticated, Kojovic pointed to firms – like his own – that are starting to organize on sectors rather than solely by practices: “We started going beyond the traditional full service practice approach and started building sectors within the firm. Naturally, when we do M&A, commercial work, or litigation we are sector agnostic and cover all sectors. However, there are industries that require a specific multidisciplinary approach, a grasp of specific regulations, and the understanding of underlying business drivers. We have thus created several industry-focused teams and going beyond knowing the law towards understanding the sector specifics is something that we have been investing in.”

Petakovic said that his firm is following a similar strategy, adding: “Practically, we’ve started asking clients to [let us] enter their production facilities to give us a real feel. You might work on a telco deal but you then go and see the actual cable business and get a glimpse of what the business is like in real, concrete terms. This is really the future for firms, because the clients are expecting this kind of awareness.” He summed it up by adding: “The demand has shifted from mere English and [jokingly] having a laptop to sophisticated advice that requires a firm to be aware of matters such as what it means for a company, for example, to have too much stock.”

Beyond Serbia

The conversation then moved to the variety of approaches that firms take towards servicing clients on a regional basis.

As the Partner representing one of the first Serbian firms to expand outside the country, Petakovic explained that Karanovic & Nikolic’s departure from the SEE Legal association of firms had helped the firm “see the region as exactly that – a region bigger as a whole than the sum of its parts.” And the firm’s bet had paid off, Petakovic reported, as the firm’s newest office – in Slovenia – had surpassed initial plans threefold. “We are soon going to be joined by the 12th member of the team [in Slovenia] and are now in a position where we have to renegotiate our lease – a clear sign that it is possible to expand these days.” He also linked K&N’s regional outlook to Gecic’s comments about the unsaturated nature of the market: “There is definitely a lack of saturation in the market and this is true in other countries as well, even looking outside our comfort zone with other countries

like Albania, Bulgaria, [and] Romania – all definitely worth considering. Up until now, because of the commonalities in the countries covered, expansion has been a natural step. Going forward though, it will take more time and more consideration to tackle new markets.”

For the other participants, it seemed more natural to focus on their comfort zones than to plan to expand beyond them. Kojovic commented: “We have offices in places that are natural extensions for us – Bosnia and Montenegro – and we are confident in those jurisdictions. At this point in time, we find in SEE Legal a great platform for the rest of the region as it provides the best of both worlds in the sense that it is not really one firm but it is much more than a network, and its advantage over a single-firm approach is that it provides to clients a coordinated service by top firms in the SEE region.” She added: “If you are asking if we as a firm think it makes sense for us to expand anywhere outside the former Yugoslavia space, I would say no. The clients tend to look at the former Yugoslavia space as one market but rarely beyond that. The other reason for which it’d make sense to go beyond former Yugoslavia is if there were a lot of investments towards those other countries – a similar rationale for which Schoenherr entered Serbia out of Austria – but I am not yet seeing a lot of outbound Serbian investments taking place, especially outside of the former Yugoslavia space.” Lopicic agreed with this analysis, explaining: “Broadly speaking, our firm’s philosophy is to act as a one-stop-shop across the region.... Expanding to Bosnia and Montenegro made sense since legal frameworks are similar, there are no language barriers, and the legal services industry was not really matured. Croatia or Slovenia are considerably different in these regards, and most importantly, these markets are very mature, so it would be difficult to penetrate them now.”

But a firm doesn’t need to open an office to expand its work within the region, the lawyers at the Round Table agreed. The first and most common alternative to office opening is that of networks, which, as Zivkovic explained, can be less stressful: “Some of us chose to open their own firms in other markets, which I can only imagine, from a managerial point of view, can become rather challenging. For us, the suitable approach is to build up a network and ties with well established firms, a mod-

el that for us, at the moment, works very well.” And Gecic noted that, depending greatly on the practice, even a network may not be strictly necessary. “You can do a lot from Belgrade in terms of corporate work, for example, and you don’t really need to have an on-the-ground-presence – at least that is my impression on regulatory work in Bosnia or Montenegro. Naturally, when it comes to litigation you do need local expertise, and that’s when it comes down to business considerations in my view.” He added: “Expanding beyond ex-Yugoslavia is a different story, and I am very interested as to how this will go down for Karanovic & Nikolic. It is definitely a pilot, and I wish them good luck with it. If this proves to be possible, it’ll likely give courage to others to take similar steps.”

“I found the exchange with my colleagues very insightful,” said Tijana Kojovic, Managing Partner at BDK Advokati, which hosted the event. “We had a very good cross-section of the Serbian legal market at the table, from relatively new entrants to well-established competitors, and it was a privilege to exchange views from these different perspectives. The Serbian legal market is very dynamic, and with the furtherance of the EU integration process, interesting developments are ahead of us. I wish to extend my gratitude to CEE Legal Matters for organizing the event.”

Beyond The Classics

A couple of other developing trends in the market were discussed, including the development of corporate law firms into new areas. Lopicic noted that litigation, for instance, is becoming increasingly important for corporate lawyers and firms. “Most corporate law firms used to have very small litigation teams, if at all, in the past. With regulations becoming more and more complex and with an increasing number of disputes, traditional litigators are having a hard time following the latest developments and responding to client demands. As a result, our firms, often specialized in practice groups, are increasingly more efficient and better positioned to represent clients in such complex disputes. This was a boost in building litigation practices in corporate law firms in Serbia.”

The other trend involves moving into

forms of consultancy beyond legal. “Multi-disciplinary practices are definitely something that is coming up,” Gecic said, explaining that although there are definitely still some regulatory and bar challenges in place in Serbia, this is a trend that has been happening in the UK for the last 20-30 years, has taken life in CEE, and is slowly emerging in Serbia as well. He added: “the big accounting firms have been trying to re-establish their legal practices, or already have, and the question now is not if this will take place, but what it will look like.” Petakovic agreed and said that his firm in fact has been building up a tax practice, among others, for that very reason: “We have been building the same thing. We saw the Big Four and thought, ‘We need the same input,’ and have made sure that we have not just accounting specialists, but also tech and financial advisors. It is not a core business for sure – nor am I sure if it should be.” Zavisin suggested that “when it comes to sophisticated deals you always will need the Big Four,” but Petakovic wasn’t so sure. “It depends on whether there is an international dimension only really – if that’s the case, your offering would be in a place to cater to that anyway.”

And Petakovic was not the only one to report developing complementary practices. Zivkovic noted that his colleagues at Zivkovic | Samardzic also “have observed this trend and have built up Z&S Tax as a response to a demand that came from the clients’ side.” Gecic mentioned that his firm has an EU consultancy arm working as well, but he emphasized that, like all the others, it is not yet a core component of the business, and that his firm has “been doing this on a case-by-case basis.” One thing is sure, said Zivkovic, irrespective of the direction and extent of focus dedicated to these new consultancy areas: “A one-stop-shop approach is no longer just about legal advice.”

Regardless of the approach, the consensus at the table was that there is plenty of room to grow and experiment in the market. Drawing from her firm’s decision to focus on building a small team, Zavisin commented: “Our choice proved to be right so far. I believe there is a future not just for us but also competitors who will create these additional service offerings. We are focused on business advice; we know the trends; we know it is not a pure legalistic approach that clients care for but a business approach and are comfortable with

our model. We don’t feel threatened by big firms reaching out into new spheres. There are, and always will be, so many clients that are looking for our type of advisory service. Of course, we have a specific feel, require a specific management approach, and this is risky in its own right, since if you are running a small team you need to run it with a lot of personal attention, rather than throwing other bodies at an issue. The essence is to also like what you are doing, not just survive it based on what everyone else is doing.”

“A one-stop-shop approach is no longer just about legal advice.”

Kojovic agreed, adding: “Indeed, it is truly important to like what you are doing. So many trends and fancy words fly everywhere, but you simply need to decide what you want to be doing and to live your approach. There is definitely enough room for all of us and for different approaches. What I think is important in the modern business of law is not to forget that, at the end of the day, we are lawyers. We are certainly not those ‘traditional’ lawyers with a plate on the door saying ‘I receive clients between noon to five.’ We are in a sort of partnership with our clients. We are business people, but we must not forget that the clients want us because of our specific expertise that adds value to their business, and we need to keep certain distance (in a good way).”

Regardless of the direction, the market’s progress was undisputed. Simic concluded the discussion: “I am generally just satisfied that the market had developed. Not so long ago, we had a lady supporting us in Bosnia that did not have a scanner and during the summer her office was closed. I’m happy that the standard is ages away from this, to the point where I don’t have to look out for such things.”

At this point the Round Table drew to a close. We’d like to thank BDK Advokati for hosting the engaging and informative event, and we look forward to reconvening next year.

Radu Cotarcea

A Checkered Reality: Croatia Recovers in Fits and Starts

Whereas the leading commercial law firms in Serbia report growth and opportunity, their counterparts in Croatia demonstrate an acceptance of the stop-and-start nature of that market. In an extended lunchtime conversation about with CEE Legal Matters, Divjak, Topic & Bahtijarevic Partner Damir Topic and Wolf Theiss Managing Partner Luka Tadic-Colic displayed a resigned sense of humor about the challenges they face in Croatia and a willingness to take things as they come.



The Croatian Bar Association: A Conservative Force

The Croatian bar association claims a long history for the legal profession in the country, with the first mention of lawyers in the country appearing in the Vinodol Code of 1288, and its own history dating back to the Law on Advocates of 1929.

Perhaps consequently, the bar association remains highly censorious of modern-day law firm marketing efforts, placing it firmly on the conservative end of that spectrum in CEE. The chilling affect of its stance is powerful, as several Croatian partners invited to participate in the conversation declined out of a concern that it might put them in conflict with the bar.

DTB Partner Damir Topic notes that the Croatian bar's restrictions are more stringently enforced than those of counterparts in some neighboring markets, which, he says, "turn a blind eye" to marketing. He points out that the bar's position results, inevitably, in an advantage for the local offices of regional law firms, which are able to benefit from advertising and websites generated in more liberal jurisdictions. By contrast, he says, the bar association's concern that websites constitute "misleading marketing" means that Croatian law firms are not even allowed to include information on their websites about which deals they worked on, which puts them at a disadvantage. He sighs. "But they don't care."

The bar's mistrust of online presences bothers Wolf Theiss Managing Partner Luka Tadic-Colic as well. "Things like web pages I wouldn't even consider proper advertising. It's just like putting your name on the door. That's clearly something that today is completely normal, not to mention things like social networks these days, which are still not allowed." (Topic reacts in mock horror: "God forbid we ask for that: 'Ahh! No, no!'").

And Tadic-Colic insists that, while Topic's point about regional firms' ability to benefit from foreign-sponsored marketing has some merit, his office – the local office of regional powerhouse Wolf Theiss – is itself hardly immune to the bar's scrutiny. "Certainly we can get visibility from more places than just Croatia," he says, "but we used to have a web page which was approved by the bar association, and then for some reason they decided to disapprove it,



Damir Topic, Partner,
Divjak Topic Bahtijarevic

so we took it down. Although it was the very same page that got approved before.” He waves his hand. “So there’s very little transparency in what you can and cannot do.”

Shifting subjects slightly, Topic notes that the bar’s restrictions on marketing appear to be inconsistently applied. “It’s interesting that, for example, for the commercial law firms, such marketing is considered heavily suspicious, but for criminal lawyers, not suspicious at all. They are constantly in the news, they have articles, features – because the bar understands that if they are not in the press they will not get clients. Because they live on fame. And for them it is okay. But if someone from a commercial law firm does something, if one of our colleagues has told you he had this flyer just to deliver on some presentation, then there is an immediate report and complaint to the bar.”

Topic insists that, by wishing for a level playing field, he is not suggesting that other firms be hamstrung, but merely that all firms be treated similarly. “It is not our intention that they be scrutinized and closed,” he says. “It’s our intention to say, ‘let’s fight with all, let’s use all the tools we have, and then who is better will win.’”

Tadic-Colic sees the Croatian bar’s resistance to modern marketing as reflecting the national character: “I think in general in Croatia people tend to be very resistant to change in a lot of respects,” he says. “There’s always a resistance to anything that comes in via foreign investment, via privatization, via what might disturb the order of things as they are – even though

nobody’s really happy with the way things are. I think what history has shown is that most of these influences or changes were not really, in the end, detrimental to the domestic economy. For example, a very closed market used to be the taxi market, and taxi drivers here had a monopoly for ages, and almost nobody was driving a cab. Now more competition has come in, reduced prices, and I think everybody now sort of senses that the market is more vibrant, and it’s not really otherwise affecting people that much. I think change is bound to come, because the new forms of the economy are all over, but the pace of it is arguably slower in Croatia. If you look at the tourist industry, which is very vibrant in Croatia, traditionally still I think over 50% of our tourism is private and in the form of private apartments, [and] not really maintained. You charge your rate which you have been charging for the last 10-15 years, not really investing in it, and those who have invested or who have embraced things like Airbnb and modern channels of selling are reporting that they see improvement, but still the predominant part is just, you do what you’ve been doing for the last 10-15 years and if it’s been working fine, why change?”

Both lawyers conclude the subject with grace notes. Topic notes that: “It would be unfair if I don’t mention that the bar regulation and approach is improving, especially in the last year or so, but the pace of this improvement is slower, probably, than in some other countries in the region. However, this opening process is going on, and the trend is, I think, better. So I’m a modest optimist.” And Tadic-Colic concedes that some regulation of advertising is necessary: “I’ve spent some time in the US. I know ‘Call 1-800-sue-them-all’, or ‘Peterson Peterson Peterson, we’re the best, we’ll get you whatever,’ and clearly that’s something that’s not suited for this environment.”

Stops and Starts: The Legal Market Profits from EU Accession and Suffers from Unsuccessful Governments

The legal market in Croatia is relatively stable, with the familiar cadre of regional players such as Wolf Theiss, CMS, Karanovic & Nikolic, and Schoenherr competing with well-established local firms such as DTB, Zuric & Partners, Porobija & Porobija, Savoric & Partners, and Mamic Peric Reberski Rimac. That roster hasn’t changed

much in the last decade, and there are few new players of significance, though both Topic and Tadic-Colic complimented the work done by Kovacevic Prpic Simeunovic – a 2014 split-off from Zuric & Partners.

In general, Topic reports, firms are only now recovering from the knock-on effects of the global financial crisis. “There was a big hit on most of the firms that predominantly relied on Croatian clients, because the Croatian economy was devastated, and there were many clients who still had a need for the service, but they were not able to pay. So many lawyers and law firms had great difficulty in collecting and getting their fees. And so fees went down – people just trying to get something.”

“Now the market is picking up again,” Topic says, “starting basically from the [2013] accession to the EU. Unfortunately, now again we have this big problem of political uncertainty, and there has been about six months of ‘Who will the government be?’ and now we have, again, a government which is not functioning fully.”

Tadic-Colic says, wryly: “Well of course, this being Croatia, you cannot really exclude the possibility that everything will end up peacefully and just continue, but as it stands now it’s a pretty serious situation.” He continues: “The current situation is certainly disturbing to new investors, I think also to some of them who have partially invested and clients that are in the middle of certain processes but are now frustrated on one side and cannot be pushed on the other, probably waiting for the whole thing to be resolved. For those that are on the market, everybody’s getting used to it, so they can do business as usual – but would not think of doing serious expansion. I think the uncertainty is really what’s killing this, because things are functioning, and it’s really not bad – I mean, we don’t have the flood of new regulation at the moment that we had before, and some things are actually quite okay, but the problem will be in the long run because the message that is being sent is that the country is not functioning.” He concluded: “I wouldn’t personally invest in a market like this if I were coming from outside.”

Topic reports that “we have been involved in three deals which involved foreign investment: in two we were on the state’s side, and in one we were on the investment side, and we all get very frustrated because



Luka Tadic-Colic, Managing Partner,
Wolf Theiss Croatia

there was a technical government, and then no government, and now it's a new government, with not fully equipped ministries, and we cannot get our instructions. It's frustrating for the investors, for the lawyers, and even for the people who are on the lower level of the administration. And my guess is that at least two of these three deals will fall apart because of this. So it's a real source of frustration."

Tadic-Colic says his experience has been similar: "Yes, we're also having problems with deals that are approved, things like oil-drilling tenders which are still not signed even though they were awarded a year ago, and now clients are waiting to start, and all that's essentially needed is a signature on the contract and everything has been awarded, and it's all fine, but"

Despite their frustrations, both Tadic-Colic and Topic report seeing signs of real hope, with Tadic-Colic saying that, "I think by the very nature of it people are more certain about the country and at least long-term developments." Indeed, both experts insist that they have "more work than ever," and that M&A work is up over a few years ago. Still, Topic says, "I mean, in deals and in transactions it's frustrating that the percentage of unsuccessful deals is still so high. I expected that by this time we would have, let's say, 50 or 40 successful deals, but we still have only 20-30% of that."

Tadic-Colic points to other, busier, practices. "for us personally litigation is a part that's growing – both the arbitration side and also the pure litigation side. I think some of the investors have simply given up waiting and are now looking to recoup

or recover from what they've suffered. And then for us it's also employment law side is always very active." He elaborates: "It's a relatively constant level of engagement, there's always issues to be resolved. There was a big spike when the new labor legislation took place, and that required a lot of adjustment, and now it's also some of the EU developments that are getting shifted. For us, always, there's a component of original clients that need advice in several countries, and then often consider restructuring their operations, which is not as sexy as M&A transactions, but certainly provides work for people."

Privatizations

Neither Topic nor Tadic-Colic puts much hope in the possibility of privatization as a source of stimulus. Tadic-Colic is dismissive: "Privatization is really a buzzword, I think, for the previous government, and for the one before it, but when you look at it, what was really privatized in the course of the last 5 or 6 years is very little."

Topic agrees. "They try now with the sale of minority stakes in some companies which are, let's say, a bit attractive, and then immediately they have huge protest from the workers' unions, whoever. Even in the companies where they hold 5% or 10% of shares which are not bringing basically anything, so privatization is really, as Luka said, a buzzword, but it's not really happening."

According to Topic, the ever-changing government poses an obstacle to effective privatizations as well. "There is a time for new monetization of Croatian motorways because the first attempt fell apart, and now they are trying with a different approach," he says. "They just initiated a tender, but who knows what will happen with the government? So that's one of the deals where you see these uncertainties impacting heavily with this." What's more, even where privatizations are completed in Croatia, that's not always the end of the story. "Every big privatization had or has some loose ends," he says, rolling his eyes. "The last was the Croatian insurance company, which was privatized by the former government. Now the new government said, 'Ah, but there were some problems.'" He sighs.

Luka Tadic-Colic nods. "It's also, I think, easier for the public to swallow if it's purchased by a domestic buyer, so it's not sold

off to foreigners, and all the banks, all the evil's going to come and all that, but still there are loose ends because the minister who was pushing this privatization essentially was removed from the government weeks after it was completed, so ..." He leaves the conclusion unspoken beyond agreeing with Topic: "There are always loose ends."

The Upshot

Ending the conversation, Luka Tadic-Colic sums up the state of affairs in Croatia nicely: "In my personal view, after the crisis really hit Croatia, which was maybe one and a half or two years later than it hit the rest of the world, it looked pretty gloomy. I mean we were all, before that, used to working on very nice big financing transactions, the M&A transactions, where you could really focus on this one thing, and then at some point transactions like that died out, sort of left us dry and trying to find something else. Then it slowly came up, by the first restructuring projects and things like that, now I'm very happy that bigger deals like that are happening, but in that time I think we as law firms learned that we need to be able to adapt, and it's unrealistic to have lawyers who are 100% dedicated to doing only one thing. You need to be able to shift to anything that's available. The lesson learned by many lawyers was that when the financing work stops you need to find something else, when the real estate work doesn't happen you need to shift to something else that you can do, and I'm glad that we see now all these things coming back but maybe more in a more sustainable manner, so it's not overwhelming, so I'm not sure we will have three shopping centers being developed at the same time anytime soon or that we will be working for 15 different banks chasing to put in money in projects like that, but certainly there will be developments over time and there will be work. The scale will be changed, probably, but I think, through the process, we learned to be more efficient, and maybe more attuned to what the clients expect and wish, and that in my view has improved the level of service. Anyway, we've lost a lot of this year already because the government is not really functioning, and the state is a very important player in this market, and for a lot of things you need some sort of state approval, and all these things you cannot really get."

David Stuckey

Market Snapshot: The Balkans



Albania: A New Bankruptcy Bill is Finally Knocking on Our Doors



Besnik Duraj

The bankruptcy system has never really worked in Albania, making it practically impossible for companies to finalize bankruptcy proceedings and be declared officially bankrupt. The main cause of difficulty is that the country's bankruptcy law was based entirely on its German counterpart, which turned out to be too complicated in some of the bankruptcy procedures

and lacking in others. In addition, the current legal bankruptcy framework mainly focuses on the liquidation procedure without providing involved parties with better options, such as business reorganization or debt restructuring. The current bankruptcy law was adopted in 2002 and has been amended a few times thereafter; however, it is surprising that there have only been a few dozen bankruptcy claims in the last 14 years.

In an attempt to change this situation, the Albanian Government, with the assistance of the International Finance Corporation of the World Bank Group, has been struggling for the past three years to come up with a new draft bill to put an end to the non-bankruptcy fate of Albanian entities and individuals. The bill is expected to be sent soon to the Parliament for debate and approval, and on the basis of the opposition of different interest groups – including banks – the final wording of the bill is likely to undergo some amendments.

The new bill entails a wider group of subjects, including natural persons, legal entities (public or private commercial companies and non-profit organizations), and local government units. This last group may only be subject to reorganization procedures fol-

lowing permission granted by the Supreme State Audit. The bill also focuses on debt restructuring for insolvent debtors by aiming at rescuing their businesses and reshaping their financial and organizational structures. Restructuring of insolvent businesses is expected to reduce negative effects on the national economy.

The role and position of the National Bankruptcy Agency are key, not only as regards the organization and licensing of the bankruptcy administrators and supervisors' activity, but also with respect to the supervision of particular cases involving abuse and fraud in bankruptcy, where the prosecutor will have an active role during court procedures. In order to avoid the risk of lack of funds to cover the costs of bankruptcy procedures, a special public fund will be available to the National Bankruptcy Agency to cover all necessary expenses. At the end of the procedures, a percentage of available assets to be distributed will be paid to the Agency. It is highly likely that in the very first years of activity, the special public fund shall be exclusively supported by the state.

The arrangement of specific bankruptcy court sections within the commercial section of each court shall help solve one of the main problems under the previous regime: courts that have often misinterpreted law, dragging cases on for several years without achieving satisfactory results for either of the parties involved. The judges to be appointed in the new bankruptcy court sections will be trained and gain the necessary experience to enforce the provisions of the new law. The new court terms are expected to be shorter and explicitly defined as leaving little room for procedural delays.

The new bill introduces “cross-border bankruptcy” as an entirely new concept based on the UNCITRAL model, sending a strong signal of credibility to foreign investors. Such provisions introduce, inter alia, a collaboration with foreign courts on bankruptcy matters, the recognition of foreign court rulings on related companies based in different jurisdictions, and the exchange of information and data on an eventual debtor's assets identified in different countries.

Additionally, a new order of preference in the distribution of assets is provided for which is not in line with the provisions of the Civil Code. The drafters of the bill state that the new provisions reflect the best international practices and current market reality. However, there is a risk that the discrepancies between provisions of the two bodies of law might result in significant debate and conflicting interpretations among the debtor, its creditors, the court, and the bankruptcy administrator.

The new bill is a long-awaited instrument that will benefit the Albanian market, rendering bankruptcy a positive and sustainable option for enterprises. Thus, it is expected that many small and medium enterprises will opt to reorganize in a way that supports the national economy but also finally liquidates all those old insolvent ghost companies.

By Besnik Duraj, Partner, Drakopoulos

Montenegro: Renewable Energy in Montenegro



Sasa Vujacic

Recent research shows that Montenegro has a high hydro-energy potential with a noteworthy index of cost-effectiveness of investments and favorable ecological and social environments. The estimated theoretical hydro potential on the main water courses totals 9,846 GWh/year. Out of this capacity, less than 1,800 GWh, or only 17%, has been harnessed so far.

Over the last decade, Montenegro has implemented various reforms in the energy sector, and notable changes have been made to the applicable legal and regulatory framework. Some of the new legislation has already been adopted, while other important acts are in the preparation phase or in the process of adoption.

In addition, important international agreements have been ratified in accordance with the Montenegrin Constitution. The most important parts of the national legislative framework in the energy sector are the Law on Ratification of the Treaty establishing the Energy Community between the European Community and Montenegro and the Law on Ratification of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. The legislative and regulatory framework that facilitates the implementation of projects in the field of renewable energy is represented by the Energy Law and comprehensive set of by-laws, which closely define the following:

- The types and classification of electricity production plants from renewable energy sources and plants for high efficiency cogeneration;
- The methodologies for issuance, transfer, and cancellation of guarantees of origin, and the data required to request issuance of a guarantee of origin;
- The tariff system for incentive prices for electricity produced in

power plants using renewable energy sources and high efficiency cogeneration power plants;

- The criteria for issuance of energy permits, content of requests, and registry for energy permits;
- The level of fee required to encourage the production of electricity from renewable energy sources and cogeneration.

The new Energy Law, which entered into force on January 28, 2016, is in significant compliance with the relevant Directives of the European Union and significantly contributes to a higher level of protection for end customers. In principle, this Energy Law determines energy activities, regulates the conditions and manners of their performance for the purpose of providing a quality and secure supply of energy to end customers, encourages the production of energy from renewable sources and high efficiency cogeneration, organizes and manages the electricity and gas markets, and deals with other issues of importance for the Energy sector.

Renewable Energy Sources, High Efficiency Cogeneration, and Incentive Measures are closely defined under Chapter 3 of the Energy Law.

The scope of use of energy from renewable sources is determined by the Government and is set forth in the “Action Plan for the Use of Energy From Renewable Sources,” developed in compliance with the Energy Development Strategy and Regulations on Energy Efficiency and reduction of the greenhouse gas emissions.

“High Efficiency Cogeneration” is defined as generation that saves at least 10% of primary energy in comparison to the reference values for separate production of heat and electricity and cogeneration in small and micro-cogeneration facilities providing primary energy savings.

As regards the incentive measures, the competent government authority, working in cooperation with the organization responsible for the regulation of energy and with local governments, is obliged to provide appropriate information necessary to inform citizens of the benefits and practical aspects of both the development and usage of energy from renewable sources.

The development of the Energy Sector is defined by the Energy Development Strategy of Montenegro To 2025, which was adopted in December 2007. This Strategy is considered a key strategic document which identifies primary investment needs and opportunities in the energy sector of Montenegro in the specified period. The main objective set by the Strategy is to ensure a sustainable, safe, and competitive supply of energy together with energy efficiency measures and increased utilization of renewable energy sources.

By implementing the Strategy through key investments made in collaboration with international strategic partners (e.g., private investors and international financial institutions) and through the active support and participation of domestic institutions, Montenegro shall make a large step towards integrating into the neighboring energy systems and markets for power and gas.

By Sasa Vujacic, Partner, Vujacic Law Offices

Inside Insight: Dino Aganovic

Head of Legal and Compliance at HETA Sarajevo



Dino Aganovic is the Head of Legal and Compliance at HETA d.o.o. in Sarajevo (former Hypo Alpe-Adria-Leasing). During the Hypo days, he represented the bank in the General Assembly of Chamber of Commerce FBiH between August 2014 and January 2015 and as its Director of the Legal Team earlier. He still is a Member of a Supervisory Board of Hypo's Fund Management Company. Before joining Hypo, Aganovic was the Head of Legal and HRM at Intermerkur Nova d.o.o. Sarajevo and Mersteel d.o.o. Sarajevo (Merkur).

CEELM: Please tell our readers a few words about your career leading up to your current role.

D.A.: I have to start with a joke: one enlists to a law school as it is the only mathematics-free school. However, my motives lie in the old black and white movies about court trials, prosecutors vs. defense attorneys, witness preparation, and most importantly evidence popping out in the last minute. It makes you fall in love with the idea of the law profession.

The very same day I passed my last exam and was preparing a party, one of my friends got an interview for an internship program. She was also asked whether she knew someone else without experience who would be a candidate for the internship program.

As I had invited her to my party that very day, I was obviously the first name that popped into her mind. And so I got my first job in a group with a versatile portfolio of work. There I was dedicated mainly to supporting the sales function of Merkur, where I acted as a labor lawyer. This was my first direct experience with labour disputes on the defendant's side, which made me learn the

tips and tricks of the trade.

After nearly a year with my first employer I got a chance to work for a young attorney as his apprentice. Being a relatively new kid on the block, my principal was not in a position to choose the cases so we ended up working on a variety of legal topics, different in value and complexity. This really was a lot fun and a great learning curve! Almost like in those movies I mentioned earlier.

After spending 2 years as an apprentice, passing a bar exam in the meantime, I got a chance to become a one-man-show as the Head of Legal and HR in the Bosnian branch of the Slovenia-based sales company Merkur, which was then facing a pre-bankruptcy state. To tell you the truth this was an immense challenge and, as it turned out afterwards, a great experience for a young lawyer. As there were no resources available for external legal aid, it was left to me to lead all litigations of the company, both active and passive, to resolve property issues, negotiate and draft all the contracts, conduct statutory changes, and the most demanding task of all: to prepare and lay-off of more than 50% of the employees throughout 2 years. Tough times but a great learning experience.

After that I moved up to Hypo Alpe-Adria-Bank d.d. Mostar. I applied for the position of a NPL collection lawyer but instead was offered the position of Director of Legal. Needless to say, I had no in-depth knowledge of the banking sector. Yet I was given an extremely challenging team to lead – one providing legal support to all departments of the bank in doing everything but loan/deposit agreements, collateral management, and NPL collection.

In fact, right before I joined the bank, I recall thinking that there was nothing to do as a lawyer in a bank but draft loan/deposit agreements and collect NPLs. Oh, was I surprised. I have never seen any of the aforementioned but have experienced legal matters most attorneys do not experience in a lifetime. For the first two months I almost never went home, and, soon after, I was regarded as a veteran which even led to the shortening of my probation period.

In the intervening two years, my team has done amazing work, even when challenged by the huge CHF F/X issue that resulted in hundreds of lawsuits. I take great pride in

the fact that the only two existing second instance verdicts are in favour of Hypo and were won by my team. We have also taken a huge role in the due diligence process of selling the Hypo Banks. One of the most demanding tasks was to pioneer a large scale NLP assignment of receivables (over EUR 500 million of receivables) to a non-regulated entity (non-bank) where I acted as a legal coordinator for both the bank and soon-to-become HETA. This project was a first for Bosnia and Herzegovina.

After this project, I was asked by HETA's CEO to join him and build up a legal team which would be a strong support to the entire company in resolving the most complex debtors situations and finding out new models of asset resolution, resolution of property issues, and preparation of its sale.

And here I am now, leading a team of eleven professionals who cover the entire scope of HETA work: litigation, property issues, compliance and AML, contracting, statutory issues, and general legal issues. The fighting does not cease. I am truly living those movies I fell in love with when I was a kid.

CEELM: How is your role different now, with the winding down organization of HETA, as opposed to your Hypo days?

D.A.: It differs at its core – the bank was focused on new businesses, PL clients, and development of new products. HETA on the other hand is focused on resolving its long standing NPLs.

Not many have the privilege of working in a company that is a one-of-a-kind and entrusted with the task of providing a wind-down of a BAM 1.2 billion (EUR 600 million) portfolio of nearly a decade-long active and passive cases. For me and for my colleagues from other departments, it is unique know-how which gives us a distinct advantage on the market. We all participated in the establishment of, and are now active participants in, further development of this specific work.

We had to start from scratch in early 2015. It was, and still is, a pioneer in the asset resolution domain. We had to develop a structure, to map processes, and establish controlling mechanisms to enable us to become an effective cash generation company. Legal is involved in everything – either as a support



Dino Aganovic (fifth from left) and his legal team

or control function or participating in negotiations on asset resolution modus operandi.

CEELM: What has your main lesson been from the winding-down exercise?

D.A.: The main lesson learned is that it takes a team to achieve good results, including at the company level, and that there is always room for improvement.

As an asset resolution company, you do not have the luxury of acting as a bank with the monopoly in distributing money to a client and being in a position to choose the collateral for loan. We deal with those who have been in the NPL segment for nearly a decade so one has to work to understand their position and use one's imagination to come up with a win-win solution for both sides a creditor and a debtor. This work provides a great opportunity to learn the value of and excel in the skills of negotiations and out-of-court settlements.

CEELM: Since you are a member of the Chamber of Commerce FBiH, what are the recurring discussions among members that present the greatest interest to you as an in-house counsel?

D.A.: Unfortunately, I am no longer a mem-

ber as it was a position reserved for Hypo Bank, which did me the honor of appointing me as their representative in this distinguished function. I was a participant in the founding assembly where the old structure was replaced by new and prominent businessmen, who are doing their utmost to boost the Bosnian economy and promote it abroad. There is great room for improvement in BiH and we see things moving forward. This is also something we can testify to through the prism of our work in asset resolution – investors are interested in buying commercial and industrial properties in order to launch their businesses.

CEELM: Looking at the country's market conditions, from your GC perspective, what are the main regulatory/legislative changes you'd be most excited to see implemented?

D.A.: So far the regulatory framework in BiH is solid. What we lack is enforcement of laws. We have a very slow and complex administration, arising not from a bad legal framework, but more from a lack of inter-connection of various databases. Also, we have a very slow judicial system. In general, even simple debt collection litigations last three to five years. Speaking on behalf

of HETA, it would also be more helpful if there was a lex specialis regulating our scope of work, instead of being regulated by the general Obligations Act. This has been under discussion for the past few years, but we've seen no concrete result as of yet.

CEELM: For anyone visiting Sarajevo for the first time, what is the must-see spot in the city that's not featured in the tourist guides?

D.A.: Well, Sarajevo is a very special place and I bet there is something interesting in it for everyone, whether you want to see the marvellous mountains surrounding it, enjoy the multicultural spirit of this city which accommodates a mosque, a cathedral, an orthodox church, and a synagogue in 100 meter radius, or simply enjoy the Bosnian cuisine. But rather than space, it is the time factor which influences the beauty of experiencing a visit to Sarajevo. I would warmly recommend coming in August, when Sarajevo hosts the Film Festival and becomes the center of the world. It seems as if no one sleeps those days in a mission to attend as many events around town as possible. This is really something worth experiencing, in addition to other features of Sarajevo.

Radu Cotarcea

ZSP

LAW OFFICE

Inside Insight: Anita Pejic Ilisevic

Head of Legal for Croatia and Bosnia and Herzegovina and Compliance Representative Adria Region at Henkel



Based in Zagreb, Anita Pejic Ilisevic is the Head of Legal for Croatia and Bosnia and Herzegovina for Henkel, where, in May 2016, she was also appointed the Compliance Representative Adria Region. Prior to Henkel, Ilisevic was a Corporate Lawyer with Tisak.

CEELM: Tell us a bit about your background.

A.P.I.: Although I started my career as a legal trainee in a law office – which gave me firsthand experience of law and litigation in practice – after the bar exam I decided to join the corporate world to gain the full perspective of a corporate lawyer's career. As a corporate lawyer in Tisak, Croatia's largest news-stand chain and distributor of print products, I experienced the breadth of different legal topics and challenges specific for corporations which a lawyer in a law office can rarely come across. There I had the opportunity to actively participate in all of Tisak's projects related to the company's service portfolio diversification, from retail to financial services. Working with amazing professionals and experts in their fields during a time of transition between business models helped me as a lawyer to learn a lot about the business itself and how to become a truly business-oriented legal counselor. This experience definitely determined my

future professional development and steered me permanently to the world of corporations and corporate law.

CEELM: You've spent the better part of your career in the retail/consumer goods area. Why is that?

A.P.I.: Retail and FMCG are areas in which every day is different and brings new challenges. I can hardly remember having two days with the same topics. The market is constantly bringing up new challenges and setting the pace, forcing retailers to respond promptly if they want to survive and thrive. Being a legal counselor in this industry is often a challenge, especially while trying to maintain a balance between legal and regulatory requirements and business needs and demands.

CEELM: Since you took on the role of Compliance Representative within the company as well, in what ways do you find the two roles (of legal and compliance) complement each other?

A.P.I.: Before taking the role of Compliance Representative I was (and still am) Head of Legal for Croatia and Bosnia. My prior experience as a legal counselor and corporate lawyer is definitely good grounds for a compliance role because, in certain situations, the two of them are inescapably intertwined. Compliance implies assuring the company (employees) complies with external rules and regulations and internal company regulations (standards). Thus it would be almost impossible to excel in your compliance duties without intimate knowledge of the legal framework.

CEELM: Speaking of the two functions, are they under the same umbrella in your organization, or are they separate?

A.P.I.: At Henkel, Compliance and Legal are two separate organizational units. In my opinion the benefit of this organizational set up is a clear separation of functions and tasks of each role.

CEELM: What would you identify as the leading challenge faced by General Counsels in your jurisdiction?

A.P.I.: The leading challenge in Croatia was (and to an extent, still is) a substantial change of legislation in certain areas after entering the EU, a consequence of which is certain inconsistencies in practice. An unavoidable issue in Croatia is debt collection, bankruptcy, and the insolvency of a growing number of companies forcing creditors to write off receivables. Finally, I must stress the importance of inefficient legal protections in cases of unfair competition.

By contrast, Bosnia and Herzegovina is not an EU member and is, as a country, very complicated from within because of its political set-up. You have three jurisdictions with an additional division on cantonal levels, making Bosnia and Herzegovina one of the more complex legal systems in CEE. Taking into consideration that the same subject can be regulated completely differently in each of the three entities, I would say that the biggest challenge is respecting all laws and bylaws and also identifying the governing body on a canton or entity level. But, as in the case in Croatia, a huge challenge lies in trying to find efficient legal measures to pro-

tect the business against unfair competition.

CEELM: How, if at all, would you say your work as a Head of Legal in your country differs from colleagues in other countries?

A.P.I.: I would say that we all have certain common points, especially within EU countries, in which legislation is pretty much aligned. Of course there are always local specifics and this is where differences in our tasks and challenges are manifested. These

are areas which give us the opportunity to observe our local situation from a different perspective, compare local with foreign legislation, and look for options in applying solutions from other countries in our jurisdiction.

CEELM: Of all the items in your office, which one are you fondest of?

A.P.I.: That would be a picture of Rovinj, my hometown. It is a small and beautiful town on the Croatian coast, where I can always go

and unwind and charge my batteries. The second thing is a souvenir from last year's San Francisco Giants baseball game – that summer in San Francisco was the best holiday I had with my husband and also my first baseball game (by the way, the Giants won!). It not only reminds me of a great new experience, but it was also the day that my now goddaughter was born – also a thing to remember and celebrate.

Radu Cotarcea

Inside Insight: Milan Lomic

General Counsel Adria & Balkan at L'Oreal



Milan Lomic is the General Counsel Adria & Balkan at L'Oreal, a company that he joined in October 2012. Prior to that he worked for Metro Cash & Carry as a Legal Advisor and Antitrust Officer. He has also worked as a Legal Advisor at Unicredit Bank Serbia and as an Assistant to the Judge at the Fifth Municipal Court in Belgrade.

CEELM: Tell our readers a few words about your career leading up to your current role.

M.L.: After graduating from the University of Belgrade, Serbia, I started as an intern in one of Belgrade's first-instance courts in early 2000. The internship lasted for two years,

and then I passed the bar exam in 2002. After that I continued my career in the court as an assistant to the judge. Being young and kind of idealistic, at the time I thought I'd stay in the judicial system forever.

However, as I developed professionally, I became attracted to some other areas of law

and realized it was time to move on, with the idea on focusing on commercial law and business. The first attractive opportunity presented itself in 2006, and I joined UniCredit Bank Srbija as a Legal Advisor.

It was a big change for me in every sense, and I liked it. Soon I got involved in the development, on the legal side, of financial derivatives, which were being offered for the first time in Serbia. It was a huge challenge from a professional point of view, and I enjoyed the time I spent there.

The next step in my career was with Metro Cash & Carry, where I started early in 2009. Switching to Metro brought me an even wider perspective, as it's a well-structured organization in a very dynamic industry where one has to excel and step out of one's comfort zone on a daily basis. I was not in charge of the department, but I was given the responsibility of Antitrust Officer, in charge of rolling out a comprehensive competition law compliance program.

After almost four years with Metro, I felt the time had come for a new challenge, as I was more than ready to take charge of legal matters myself. My current position in L'Oreal opened up and I never had a second thought about it.

CEELM: Having worked in in-house roles the better part of your career, have you ever considered working in private practice?

M.L.: Having started my career in a court, where you are, more or less, in constant contact with lawyers, the thought has certainly crossed my mind more than once. Actually,

at one point, while I was still with the court, it almost became a reality. However, as often in life, it is small things that decide, and it didn't happen at that time.

Later on, after I started as in-house lawyer, the thought became more and more distant. Simply put, I realized that I want to be as close as possible to the business. For me, proximity to the business, the number of real-time decisions to be made on a daily basis, often in a very limited time, is still only the privilege of in-house lawyers. It is even more the case when you are working for an industry leader such as L'Oreal. This makes a great deal of difference between the two roles, and it was definitely the decisive factor for me to stay in-house.

CEELM: You worked for over 5 years as an Assistant to the Judge in the Fifth Municipal Court in Belgrade. How do you feel that experience helps you in your current role?

M.L.: It's helping beyond a doubt. Together with my corporate experience it gives me what one would call a "360 degree" perspective. I am well aware of how the system functions, how it is structured, and how the processes go, especially in terms of decision making. It helps me recognize the key stakeholders and facilitates communications with them. I would say it's a sort of experience that is precious for any legal professional.

CEELM: As part of your role, you set up and developed the legal function in Slovenia, Croatia, Serbia, Bulgaria, and Bosnia. How does one go about creating a legal function in a country where one is not based?

M.L.: Not being based in a certain country doesn't mean you cannot be present there on a regular basis. And that was the key: traveling regularly in order for people first to get to know me personally. At the same time, my mission was to introduce the function and what it brings to the people in the organization and their everyday work. As you are probably well aware, in-house lawyers will usually face the old cliché that they are just one more complication in people's lives. In setting up this function it was crucial for me to explain and show in practice that that is just a stereotype, and that they will be benefiting greatly from the legal function, as it will put them on the safe side, without slowing the pace of business. The support that I received from the L'Oreal International Legal Team was also very important.

Of course, talking about it is one thing, but making things happen that way is another – it simply requires hard work. Almost four years down the road, I would dare to say that I have succeeded, and, more importantly, I am confident my colleagues throughout the region would gladly testify to that.

CEELM: What best practices have you developed over the years in that context? If you were to take on a new country now, what would you do differently?

M.L.: Actually, despite all the challenges I've faced and problems I've had to solve over the years, I wouldn't do things differently, since every challenge has been a valuable experience and every problem led to a solution that widened my knowledge and perspectives.

As for best practices, one advantage of having a large corporate organization with a worldwide presence behind you, as I do with L'Oreal, is that there is already a proven track record and a number of different best practices available within the organization. That



gives me the opportunity to pick the ones I consider most appropriate for the markets I am responsible for. Of course, there is always a need to adjust them to local specifics, but that is usually easier than starting from scratch.

Still, there were things that I handled myself from the very beginning, and one example I could give is a model communication with clients, implemented in L'Oreal Adria-Balkan. I have recognized that sales people face some very typical situations, i.e., requests from their clients, which, if met, could potentially raise competition-related issues. I have created a list of such typical requests/situations and model replies my colleagues should send. Now they just need to recognize when such a situation arises and use

proper model answer. This puts us all on the safe side, while being much more efficient.

CEELM: Comparing your work with that of GC peers within the company responsible for other markets, what elements stand out in your mind as different/specific to the local nature of your markets?

M.L.: Markets themselves are different, but what makes my work different and probably a bit more complex is the fact that L'Oreal in the region operates as a hub structure that includes all Adria-Balkans countries. In other words, my peers in other countries are usually responsible for just one country/market, while I am among the few that are

responsible for as many as ten countries, if we include those where we are exporting. This may sound like too much, but I am actually truly enjoying it.

CEELM: On the lighter side, since I assume you need to travel between your jurisdictions regularly, what is the one non-work related item you would never travel without?

M.L.: That would definitely be my camera. I love photography and I use every opportunity while abroad to walk around and take a few photos. It's also a nice way to get to know the cities I travel to.

Radu Cotarcea

Inside Insight: Ante Sucur Head of Legal Affairs at Intesa Sanpaolo Card Ltd



Ante Sucur has been the Head of Legal Affairs and Company Secretary at Intesa Sanpaolo Card Ltd in Croatia since April 2009 and June 2009, respectively. Before joining Intesa Sanpaolo he worked for five and a half years at Privredna banka Zagreb d.d. (now also part of the Intesa Sanpaolo group).

CEELM: What gets you excited still about your sector and your company specifically?

A.S.: Working in legal departments in the banking sector is often regarded as uneventful; however I was lucky enough that the en-

tire time I spent working in Intesa Sanpaolo Group has been filled with very interesting changes – and most importantly, challenges. This is still very much true for the sector and the company in which I work, because payment technology has progressed a lot over the last several years, and judging by

the signs, payments will be one of the fastest growing segments of the banking industry in coming years. For me, providing legal support to such an innovative and highly complex field represents an endless source of interest.

CEELM: During your time with Privredna banka Zagreb, you were the Project Manager of the “ePravnik (eLawyer) Project.” What did the project entail, and what was the driving force behind it?

A.S.: The bank had a large system of external lawyers all across Croatia who were quite ineffective in keeping the bank updated on the bank's activities in the courts, especially because all registries and most communication was in hard copy. The project used an advanced, custom-made IT solution to improve the management of the bank's legal cases and especially to improve the overall approach to its claim collection activities. This was done by inputting all cases in the new IT solution, scanning all the documents, and requiring the external lawyers to use the IT solution as the principal electronic communication channel to the bank. This enabled the bank to get information in real time and to see the information in a more structured way, which enabled a thoroughly efficient central management of legal cases and collection activities.

CEELM: As a project coordinator, what were your main takeaways from this exercise?

A.S.: I learned that really effective lawyers are those who willingly expand their knowledge and experience beyond the boundaries of pure law. To manage this project I had to gain some knowledge and experience in IT software development, accounting, organization skills, and people management. Years later, I am still using these valuable lessons in everyday situations.

CEELM: As Head of Legal Affairs for Intesa Sanpaolo Card Ltd, your role involved coordinating legal support for the nine jurisdictions you covered – Croatia, Slovenia, Bosnia and Herzegovina, Slovakia, Hungary, Romania, Albania, Serbia, and Egypt. What best practices have you developed in terms of coordinating a virtual team like that one?

A.S.: This issue indeed represented a big challenge for me. My legal department was the only one in the entire Intesa Sanpaolo banking Group which had to continuously cover nine jurisdictions. I still regard the creation of the international network of lawyers spanning nine countries as one of my greatest professional achievements. But I do not see the secret of my success in some special pricing or other strategy.

On the contrary, in my experience the key ingredient is establishing personal contact while understanding the different cultures and mentalities. Working with a lawyer from Cairo is very different than working with a lawyer from Budapest. One should be able to recognize which lawyers can work autonomously and which prefer frequent visits (with a lot of personal contact, starting with mandatory lunches and dinners and a lot of social talk, of course).

CEELM: In June 2009 you took on the role of Company Secretary. What are the main differences, in your mind, between interacting with and supporting other business functions and doing that with the Board?

A.S.: I would not say that there are big differences. In a way, the Board is also a sort of an 'internal client', which also needs legal support, just like any other business unit. However, I do need to ensure that what is sent to the Board is properly checked (even filtered), before being submitted to its decision making.

CEELM: A chicken or the egg question: Do you believe you've gained a lot more insight into the organization's other

business functions because you are exposed to Board-level discussions, or do you believe you were appointed to this position due to your demonstrated understanding of the business as a whole?

A.S.: Well, I was appointed Company Secretary at the very start of the Company (in parallel to my existing role as Head of Legal), so I would say that both statements are in a way correct. I do believe that – if possible – every Head of Legal should also be Company Secretary, as it enables more efficient management of legal risk at an overall company level. I have, unfortunately, witnessed situations where some companies suffered because of the misalignment between the Head of Legal and Company Secretary, which could have been easily avoided.

CEELM: On the lighter side, if you were to change professions tomorrow, what else would you be?

A.S.: That's easy: I would be a forest ranger. The clients seem more appealing than in the legal profession.

Radu Cotarcea

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Inside Insight: Sandra Simic

Head of Legal Department and Compliance Officer at Henkel



Sandra Simic is the Head of Legal Department and Compliance Officer at Henkel Srbija d.o.o., a company that she first joined in February 2009. Prior to Henkel, Simic worked for CDE S d.o.o. (Interex) for one year as a Legal Adviser, preceded by one year with Gide Loyrette Nouel, before that firm closed its Belgrade office in 2008.

CEELM: Can you describe your career leading up to your current role?

S.S.: At the beginning of my career I was a typical job hopper because I did not have the slightest idea what I really wanted to do. I worked for the Ministry of International Economic Relations, then switched to the Authors' Music Rights Organization, followed by the law firm Gide Loyrette Nouel and then, in the end, Interex, a part of French retailer Intermarche. This last experience made me realize that out of everything that I tried, I preferred working as an in-house lawyer. I continued in that direction and I have been working for Henkel in Serbia for the past seven and a half years.

CEELM: Shortly after law school you acted as an Expert Associate for the Ministry of International Economic Relations. What did that role entail, and how does that experience help you in your current role?

S.S.: In the Ministry of International Economic Relations I worked within the Sector for Multilateral and Regional Trade Cooperation, briefly in the EU division, and then in the WTO division. I gained a lot of knowledge in respect to the WTO and the EU accession process. This is not experience that I

can use in my everyday work, but it definitely gives me a larger perspective. Nevertheless, one skill that I definitely learned in the Ministry is how to draft very formal letters, and that is the first lesson for trainees in Henkel Serbia's legal department.

CEELM: You have worked in both private practice and in house. What drew you in house, and what do you miss most about being an external advisor?

S.S.: I prefer working as in-house due to the very wide knowledge and experience that you gain – not only in legal matters. In order to carry out your daily tasks you need to have learned about finance, HR, sales, marketing, production, logistics, and so on. Furthermore, if you work in a large law firm you usually end up dealing with only one specific field of law, such as corporate, IP, competition protection, litigation, etc. The scope of my daily tasks is much larger, and therefore it's never boring. I also like the fact that I can combine my career with my private life, which is very important to me – especially now that I have a year-and-a-half-old son. In a nutshell, I really do not miss being an external advisor.

CEELM: In your current role, you are responsible for – in addition to Serbia –

Montenegro, Macedonia, Kosovo, Albania, and BiH. What best practices have you developed to coordinate a virtual team?

S.S.: Since in these countries I do not have team members, I have to put my faith in our external counsel. I always try to compare the advice we receive from law firms there to what would be rational in Serbia. This helps a lot, because even though these are different and independent countries now, we used to be part of one country, and the current legislation originated in it (except for Albania). I also do research myself in jurisdictions such as BiH and Montenegro, since the language spoken is the same as in Serbia.

CEELM: Are you actively involved in selecting external counsel for projects in the other jurisdictions, or do you leave that decision up to your local teams?

S.S.: My in-house team is fairly small, so I always make the decision when selecting external counsel. Henkel generally has preferred law firms and for projects outside Serbia I always use the help of a preferred law firm. In Serbia, I have a wider network, and then again it's up to my own personal judgment.

CEELM: While on the topic, when you do need to externalize work, what are the main criteria you use in selecting the firms you'll be working with on a specific project?

S.S.: Generally, the majority of daily tasks are performed in house. When I seek support, I first look into the possibility of hiring a preferred law firm. Nevertheless, this is not the only criterion. Some attorneys supported Henkel even before I was hired. I always try to stay in touch with them regardless of the law firm they are currently working with, since they have a lot of knowledge of Henkel's history in Serbia, and this is precious.

CEELM: On the lighter side, of the other countries you are responsible for, which one do you enjoy visiting the most and why?

S.S.: Montenegro, because of its beautiful coast and Macedonia, for its friendly people and good food. Nevertheless, I would be curious to see Albania, as I have never been there.

Radu Cotarcea

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ŽIVKOVIĆ | SAMARDŽIĆ

Inside Insight: Erion Doko

Head of Legal Department at First Investment Bank Albania

CEELM: Please tell our readers a little bit about your career.

E.D.: First of all, I would like to thank you for providing me with the opportunity to express myself through this interview. It is a great pleasure to give the readers of the CEELM magazine my own perspective on certain topics as well as a brief description of my experience as the Head of Legal Department at First Investment Bank Albania.

After successfully completing my university studies in law in Romania, I came back to Albania in order to further apply the knowledge and skills I had obtained. In the beginning it was quite hard, because it took me some time to adapt and integrate those skills. Being a young lawyer and new in the field, future potential employers or coworkers were skeptical about my skills and preparation. Whilst further developing and improving my knowledge, I became more and more persistent and determined to obtain an acknowledged job as a lawyer. Eventually, I earned my first job position as a lawyer at the Regional Educational Directory in Berat, Albania. One year later, I was offered a job at the Central Election Commission in Tirana, Albania. I took this offer as an opportunity to expand my employment chances in the capital. My hard work paid off in the end, and I managed to get a position as a Legal Specialist at Intesa SanPaolo Bank Albania (the former American Bank of Albania). During my six years in this position I was promoted several times, until I finally became an Assistant Manager in the Legal Department. After a long and rewarding experience at this bank, I took my current position as Director of the Legal Department at First Investment Bank Albania.

CEELM: When we first touched base, I learned that you spent a considerable amount of time in Romania. Why was that?

E.D.: I first visited Romania in 1998, and I must admit that the lifestyle – and more specifically the student life there – seemed quite appealing to me. This, combined with my strong desire to study law at the well-known Romanian law faculties, were some of the reasons why I decided to apply for a scholarship at the Ministry of Education in Bucharest (extended in collaboration with the Romanian Cultural Foundation) in or-



Erion Doko has been the Head of the Legal Department of First Investment Bank Albania since 2011. Prior to that he worked for six years as an in-house lawyer at Intesa Sanpaolo Bank Albania. Before that he worked as an inspector for the Central Elections Commission and as a lawyer with the Regional Direction of Education in Berat, Albania.

der to pursue my university studies there. I was very happy to be offered a scholarship, which eventually resulted in my gaining admittance at the Faculty of Law at the University of Sibiu (one of the three best law faculties in Romania). This was one of the most enriching experiences in my life. After all those years spent in Romania, I have very positive feelings towards the country and its people.

CEELM: Tell us a bit about your team. How large is it, and how is it structured?

E.D.: My team is composed of four lawyers who specialize in different tasks. Their main responsibility lies in dealing with certain issues related to court processes, legal procedures regarding bad loans, and supporting the daily operation activity of the bank – i.e., legal opinions, contracts, etc. The way it works is that each member of the team takes direct advice from me regarding bank activities, so I would say that I tend to specialize my colleagues in various practices. The members of the department are relatively young, which is why I have contributed my knowledge, skills, and experience towards their professional development. Even though each of them is primarily responsible for their respective field, the way

I have trained and specialized them enables them to cover and support each other at any time. This means that each of them is ready to address a number of different issues as they come up.

CEELM: If you would have to identify one people management skill that you believe is critical to master for any General Counsel or Head of Legal, what would it be?

E.D.: It has been many years now that I practice this profession and there is of course a set of skills that I have found to be absolutely crucial in order to succeed. If I have to pick just one of them, it would definitely be patience in decision making. This means that one should be able to comprehend and act on a particular situation by seeing a vision of or making sense of the bigger picture in a focused and firm manner. This should always be combined with strong analytical skills which would allow one to reach the expected or required outcomes. The reason why I believe that patience in decision-making is crucial is because this type of profession can become very stressful at times, and this of course can influence in one way or another your efficiency in reaching conclusions or the quality and reliability of your

work. Therefore, I personally think that being able to calmly handle stress and pressure as well as allocating time to thinking and making decisions is a must for every General Counsel/Head of Legal Department.

CEELM: In what ways, if any, would you say your role as a General Counsel for a bank in Albania differs from peers in other jurisdictions?

E.D.: Currently the banking system in Albania is encountering a significant rate of non-performing loans. This rate represents 21% of the banking system loan portfolio, although in our bank the rate is considerably lower. The majority of the loan portfolio (excluding cases of potential restructuring) is subject to the legal procedures of compulsory execution with the aim of recovering the unfulfilled debts. Unfortunately, the majority of these debtors file lawsuits in order to avoid their contractual obligations. Sadly, this has become very common nowadays.

In contrast to other judiciaries in Europe, the Albanian judiciary is one of the least trustworthy systems in our country. These lawsuits pose a serious threat in terms of

collecting contractual obligations from the banking system. I think that the main difference between a General Counsel for a bank in Albania and one from a different country in Europe is the tools they use – and the way they use them – in order to deal with this type of issue. Talking to colleagues from other European countries, I have been informed that their judiciaries do not require significant contributions from the banks – unlike in Albania. In my country, the judiciary is quite skeptical and doubtful about the banking system – although I think it is the most formal and structured system in the Albanian economy. This could be due to a number of reasons, such as a lack of knowledge or even corruption. Nowadays, the biggest political debate in Albania is about judicial reform – which is the only condition set by the European Commission for opening negotiations for the entry of Albania into the European Union. Personally, I hope it will be approved as soon as possible by our parliament.

CEELM: There is a growing trend of General Counsel becoming more involved in business decision making, particularly at the Board level. Do you see

that reflected in Albania as well?

E.D.: Yes, I agree that this trend is prominent in Albania as well. Personally, I am also an active member of business decision-making structures of the bank, such as the Credit Committee, which accepts or rejects every proposal from the business department. Regarding this board level involvement, I often prepare legal opinions at their request.

CEELM: On the lighter side, if you had the time and means to do any one act of leisure, what would it be?

E.D.: Taking some time off work and getting engaged in different leisure activities I think is necessary in terms of promoting emotional, mental, and physical health. Furthermore, I also see this as an opportunity to widen my horizons, meet new people, learn new things, and gain valuable perspectives. I personally enjoy group activities better than individual ones. I am a person who enjoys traveling and exploring new places a lot. If I would have to choose a leisure activity right now, that would be hiking with a group of friends in the mountains. My second favorite would be scuba diving.

Radu Cotarcea



Next Issue's
Market Spotlights

Romania

Ukraine

Expat on The Market: David Schoch of StartLabs and the Serbian Private Equity Association



David Schoch is a Partner at the StartLabs Investment Fund in Belgrade, which he started with two partners in 2014 and which invests in early stage companies in the Western Balkans. He is also the President and Member of the Board of Directors of the Serbian Private Equity Association and the Principal and Founder of Orion Telekom doo, also in Belgrade.

Schoch grew up in Ann Arbor, Michigan, and – despite receiving his undergraduate degree from Sonoma State University in California and an MBA from the University of Chicago Booth School of Business – he remains a dedicated fan of the home town University of Michigan football team.

He has lived in Belgrade since 2007

CEELM: Run us through your professional background and how you got to Serbia.

D.S.: I spent seven years in Prague – two years w/ a private investment boutique, and then five years building Global TeleSystems Group (GTS) into the largest alternative telecoms operator in CEE. Then I spent six years in London, primarily with Cable & Wireless in their Global Enterprise business running business development. Then nine years in Belgrade as a principal investor, where I raised EUR 24 million from the EBRD and a London-based hedge fund to consolidate Internet service providers to prepare for telecoms liberalization in the Western Balkans. I have also invested into real estate and software and am a partner in an early stage pre-seed fund

From my time in Prague I got a front row seat watching how economies in transition develop and where the opportunities are. After Prague it was always my goal to return to emerging markets, but as a principal rather than as an employee. I saw the opportunity to make the jump back in 2007 and by then Romania and Bulgaria had already joined the EU, so the Western Balkans was the logical place. I also developed many relationships with people from the region while in Prague in the 90's, which made the move easier.

CEELM: Was it always your goal to work abroad?

D.S.: It was always an ambition even when I was in college, but frankly more of a dream.

CEELM: Can you describe your current role, and how you built it up over the years?

Fundamentally I'm an entrepreneur and principal investor and have been developing investment projects in the Western Balkans since 2007 with my own limited capital, experience, network, and capabilities. It has been a long road and I have been most driven by trying to do interesting things in exciting places with talented people. My career progression has been a bit unorthodox, but it has allowed me to try my hand at some things that most people don't get a chance to do.

CEELM: What makes the Western Balkans so attractive to you?

D.S.: It is a good-sized market, when looked at collectively, with real growth potential. EU accession is an important driver for the potential in this market, as well as historically good standards of living dating back to the 60's, 70's, & 80's when compared to regional peers. There is tremendous passion and energy in the region, and when harnessed in

the right way it is extremely powerful. Further, a very good skill set exists in the region at an attractive price point for investors.

CEELM: Do you make an effort to work with expatriate lawyers on your deals if at all possible? Do you find they bring something to the table local lawyers in the Balkans are unable to match?

D.S. It depends on the deal, but having someone with some experience abroad, whether an expat or a local, can be really helpful, particularly when deals are complicated and there is significant time pressure.

CEELM: Do you notice any cultural differences of significance in local lawyers compared to their Anglo-American counterparts?

D.S. Not really, I have worked with really good lawyers, both expat and local. I think exposure to a western environment for some time can be really helpful but you also need lawyers that fully understand the local environment, the local mentality, and the perspective of the party on the other side of the table.

CEELM: What about on the other side of the equation? Do you discern a difference in mentality between Anglo-American investors and local investors, or local targets, compared to their foreign counterparts?

D.S. Yes, very much so. The mentality and approach in the region of the local targets is completely different. Further, there is often a lack of understanding on both sides which results in deals that should happen falling apart. This is something that we've spent a lot of time working on within the Serbian Private Equity Association. Local targets often don't understand where investors are coming from and why they approach deals the way they do. On the other side, most international investors are not able to understand the perspective of a local target. It is a big challenge for the region. But other parts of emerging Europe have figured it out, and so will the Western Balkans.

CEELM: Do you think being an "outsider" gives you a particular advantage

in your business?

D.S. There are advantages and disadvantages to being a foreigner in this market. I think my greatest advantage is the combination of my western perspective combined with my local knowledge, which allows me to execute much more effectively than someone coming into the market from the outside.

CEELM: How would you describe the culture and mentality in SEE to Americans back home?

D.S. Complicated. There are many layers to the mentality in the region and it takes a long time to be able to peel them back. Things are not so straight forward as in the US and many things can be counterintuitive, so you really need to know what you are dealing with before embarking on a specific strategy, particularly when personalities and egos are in the mix.

CEELM: If you could recommend one thing to local lawyers in the region to**help them better assist foreign clients, what would it be?**

D.S. Being a transactional lawyer encompasses a lot more than knowing the law. One of the key expectations of foreign clients in the M&A space is that the focus should be on executing a successful transaction, and often local lawyers are more focused on 'not messing up' and therefore spend too much time qualifying their opinions rather than giving good advice. The successful lawyers that I've worked with are able to advise on the law, solve problems and drive key activities related to completing a transaction.

CEELM: What things do you miss the most from the US?

D.S. Family, watching American college football with my father and brothers, great Mexican food...

CEELM: What do you enjoy the most about Serbia and the Balkans? What would you recommend most to other**Americans considering traveling to or moving to the region?**

D.S. The quality of life is very good and Serbian/Balkan people really know how to live. Location, weather, food, music, drinks, friends and family. I often tell my children that very little has changed in the past few hundred years. People want to spend time with their family, enjoy a great meal of grilled or roasted meat with good wine, take walks with their spouse, and give their kids every opportunity to grow up surrounded by loving family and friends and find their success in the world. Serbia and the region offers all of that and more.

There are many things I could recommend for those that want to move to the region, but fundamentally I would say it's important to come with an open heart, have a genuine sense of passion for the region and the people, and choose your partners well.

David Stuckey

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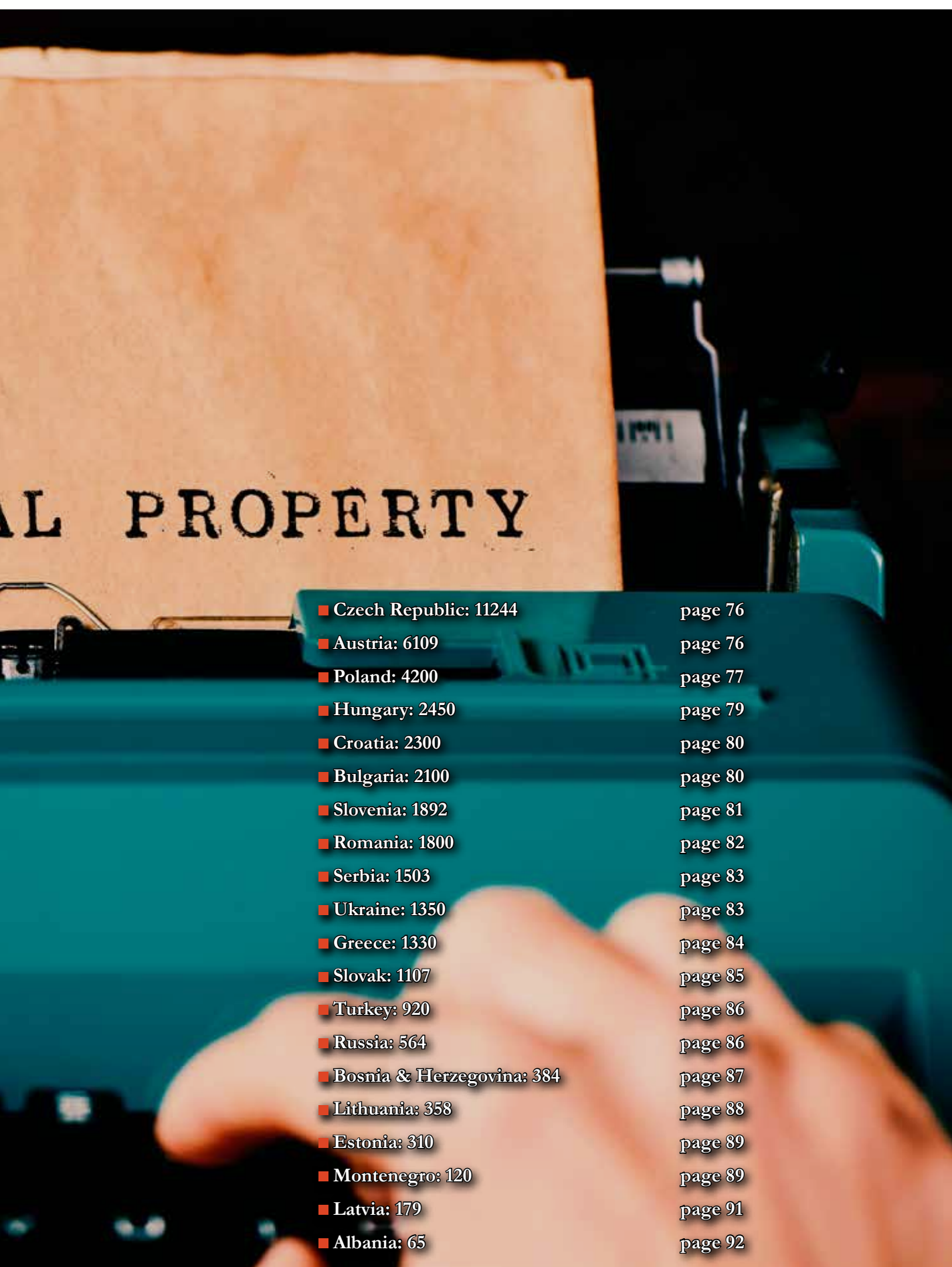
Experts Review: Intellectual Property

INTELLECTUA

This issue's Experts Review articles focus on the subject of Intellectual Property.

But because it's summertime, many of us are focusing on a different kind of court. Thus, we're presenting the Experts Review articles this time in order of the number of tennis courts per country, according to the European Tennis Association website tenniseurope.org.

Thus, the Czech Republic's article comes first – did you know that the Czech Republic has almost twice as many courts as second place Austria? The article from Albania – which has only 65 courts in the entire country – comes last, but only because there's no article this time from Kosovo, which has a mere 41.



■ Czech Republic: 11244	page 76
■ Austria: 6109	page 76
■ Poland: 4200	page 77
■ Hungary: 2450	page 79
■ Croatia: 2300	page 80
■ Bulgaria: 2100	page 80
■ Slovenia: 1892	page 81
■ Romania: 1800	page 82
■ Serbia: 1503	page 83
■ Ukraine: 1350	page 83
■ Greece: 1330	page 84
■ Slovak: 1107	page 85
■ Turkey: 920	page 86
■ Russia: 564	page 86
■ Bosnia & Herzegovina: 384	page 87
■ Lithuania: 358	page 88
■ Estonia: 310	page 89
■ Montenegro: 120	page 89
■ Latvia: 179	page 91
■ Albania: 65	page 92

Czech Republic

Attacks on Domains – A Recurring Trend?



years.

Both cyber-squatting and typo-squatting involve the registration of domains that prey on established names, such as company names, brand names, or names of celebrities. Cybersquatting means that a speculator opportunistically registers a domain name in order to deceptively lure persons interested in the relevant name to the site. Then that person places commercials on the website or claims “compensation” from the holder of the brand. Typo squatters benefit from typos or mistakes made when entering URL addresses or expressions in search engines, which happens particularly often on smartphones. Past targets of typo-squatting include Vodafone (e.g., vodafon.cz) and Google (e.g., goggle.com).

A well known example of this in the Czech Republic was the case of the Russian banking leader. An alert speculator had registered the domain name “sberbank.cz” several years before Sberbank launched its business in the Czech Republic. The speculator had cunningly employed the flexibility of the Czech language, and in order to defend himself from being accused of speculative registration, created a Czech expression “*sběr baňk*” by adding diacritics. In Czech, this expression refers to the unlikely activity of collecting laboratory glass flasks. His website then contained, apparently also deliberately, a sort of obscure presentation of glass flasks. When entering the Czech market Sberbank had to make an application to the arbitration court. The court confirmed the bank’s claim, and Sberbank has been using the domain sberbank.cz as well as sberbankcz.cz since then. However, that was not the end of the dispute over the domain name: the defendant filed a court action in which it claimed that the arbitration court did not have jurisdiction to deal with the case – and succeeded. The judgment was based on formal grounds that stem from the judgment of the Supreme Court to which we refer below. The proceedings are still pending.



the trademark is registered, the defense can be more difficult. Trademarks are registered for certain types of goods or services. If the domain is “attacking” the business name of the company (sberbank.cz), a possible defense is to use the business person’s name, as individuals

After the first wave of domain registrations that accompanied the technology boom in the Czech Republic at the beginning of the millennium, the number of speculative domain registrations have recently increased again. According to statistical data, these speculative activities – which take the form of both cyber-squatting and typo-squatting – have increased by dozens of percent in the past

are protected by the right to their names that may not be exploited in commercial practices. Finally, one can turn to the protection against unfair competition.

Defense against speculative domain registration is relatively complicated from a procedural point of view as well. The national domain “.cz” is managed by the national registrar, CZ.NIC. Some time ago, the organization issued Alternative Dispute Resolution Rules, according to which an applicant can choose between traditional court proceedings and arbitrations in a specialized arbitration court. According to the registrar, this was an arbitration agreement made in the form of the so-called “public arbitration offer.” However, the Supreme Court has recently ruled that that this method of dispute resolution is illegal, because it does not contain a clear expression of the will of the domain owner (the defendant) to resolve the dispute in this particular manner. This caused a minor revolution in the area of domain disputes in the Czech Republic, since many arbitration awards issued earlier could have been considered invalid. Accordingly, new rules have recently come into effect. Alternative dispute resolution has a contractual basis – i.e., both parties explicitly agree to ADR being chosen. The new ADR method is a quick solution through an online platform, strongly inspired by the resolving of disputes involving “.eu” domains. However, in these proceedings one can only request that the registration of the domain name be cancelled or transferred to the applicant; no damages or costs may be sought. Parallel court proceedings may therefore still be, and often are, initiated. It is advisable to choose a good litigation strategy, including the timing of claims, as speculators have already discovered various means of defending themselves, or at least of relieving themselves of liability.

Barbara Kusak, Partner, and Jaroslav Tajbr, Senior Associate, Noerr Czech Republic

Austria

Lack of Trade Secrets Protection Remedied by EU Directive



rely on trade secrets in order to reduce the costs of property rights protection.

When it comes to information protection, the use of property rights – including patents, trademarks, and copyrights – is not necessarily the best choice. To some extent, it is even not permitted by law. Protecting the access to know-how and commercial business information is therefore sometimes preferable to businesses, particularly for small and medium-sized enterprises that tend to

However, no particular law regulates the protection of these business assets. Indeed, the legal protection of confidential information overall in Austria is currently rather limited to the prohibition in Austrian unfair competition law against employees disclosing trade secrets to third parties without authorization, for the purpose of competition. As a consequence, the disclosure of trade secrets for purposes other than for competition is not prohibited under unfair competition law.

Austrian data protection law currently also protects data relating to legal persons, giving corporations limited remedies under Data Protection Act 2000 against the misappropriation of corporate information.



However, this may change in May 2018 with the start of the application of the General Data Protection Regulation, which is only applicable to data relating to natural persons.

In view of this limited scope of trade secret protection in Austria – and the uneven protection in other EU Member States – the European Commission proposed the Directive on the Protection of Trade Secrets (the “Directive”) which was formerly adopted by the European Parliament on April 14, 2016, and will enter into force two years after its publication in the Official Journal. The Directive regulates the protection against the unlawful acquisition, use, and disclosure of trade secrets.

According to the Directive, trade secrets are business information, technological information and know-how that: (i) is not generally known or readily accessible to persons who normally deal with the kind of information in question; (ii) has commercial value because it is secret; and (iii) has been subject to reasonable steps to keep it secret. Contrary to most other legally protected IP rights, novelty is not required.

Trade secrets should exclude trivial information and should not extend to the knowledge and skills gained by employees in the normal course of their employment and which are generally known among persons that normally deal with the kind of information in question. Also, the acquisition of trade secrets is considered lawful particularly when they are independently discovered or created.

Based on the Directive, there are certain remedies available against the unauthorized acquisition, use, and disclosure of trade secrets such as theft, unauthorized copying, economic espionage, or breach of confidentiality requirements. These remedies include injunctions, compensation for damages including lost profits, and the publication of judicial decisions. Considering the intangible nature of trade secrets, it would be difficult to determine the amount of the actual damages suffered. Therefore, the amount of the damages might be derived from the appropriate royalties or fees for the use of the trade secrets in question. However, the Directive does not provide for criminal penalties to be imposed on trade secrets infringers.

Given that trade secrets, once compromised, are often unlawfully used to design, manufacture, develop, or market services or goods, or components thereof, the above-mentioned remedies also include production prohibition, seizure, withdrawal from the market, and destruction of trade secrets infringing goods.

In view of the above, to enjoy protection under the Directive, implementing an effective information security regime for the maintenance of the confidentiality of trade secrets and the monitoring of its use may be necessary. This security regime may consist of a broad variety of security measures, including: (i) identifying information for which legal protection is desired; (ii) issuing an information security policy and a policy that specifically addresses the handling of confidential information; and (iii) implementing adequate physical, technical, and administrative security measures, such as (a) implementing a confidentiality labeling system, (b) restricting access to information, (c) concluding and enforcing non-disclosure and confidentiality agreements, and (c) installing physical and virtual barriers against unauthorized access to information.

The Directive introduces a minimum standard of trade secret protec-

tion within the EU. Therefore, the national implementation of the Directive may lead to an even higher protection of trade secrets in some Member States. It remains to be seen whether the Austrian legislature will provide sufficient and effective protection for confidential information/trade secrets with its national implementation of the Directive and how the other EU Member States will deal with it.

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Poland

How Recent Changes to Polish Trademark Registration Proceedings Affect the Management of Trademarks



Poland has just undergone major trademark law reform and significantly simplified the trademark registration procedure, which should now last just a few months. As a result, the Polish Patent Office is becoming more attractive for new brand owners.

However, these changes come at a cost. Brand owners who have established trademarks can now discover a number of marks infringing on their brands. And it is solely up to the brand owners to monitor new applications and take action against them.

Letters of Consent

Unlike in many European jurisdictions, including the European Union Intellectual Property Office (EUIPO – previously the Office for Harmonization in the Internal Market (OHIM)) – the Polish Patent office did not previously accept letters of consent as a measure to overcome potential conflicts between newly filed trademarks and existing trademark rights and applications. This changed as of December 2015, when the Patent Office started to register such trademarks if owners of existing trademark rights or applications consented to the registration.

At long last, this amendment materially improved ongoing trademark registration proceedings.

Opposition System

Unfortunately, the significance of these changes was watered down greatly by amendments that followed, which introduced the opposition system in place of full examination of trademark applications by the Patent Office.

Following the amendment, proceedings before the Patent Office became much more attractive for applicants, with rights being granted much earlier than the 18 months that was previously the norm.

This amendment was motivated by the fact that a large number of applicants simply decided to file trademarks with the EUIPO instead of the Polish Patent Office. While the EUIPO is more expensive, the procedure is relatively fast.

As of April 15, 2016, the Patent Office, when examining a trademark application, only performs a formal legal survey to verify the existence

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of formal and absolute conditions for granting protection. These conditions primarily determine if a particular sign is eligible to serve as a trademark, meaning it is distinctive enough to differentiate the origin of goods on a specific market. The Patent Office will not by itself take into account any similarity with existing trademark rights or applications. It is for the owners of registered trademarks to inform the Office of any conflict between their trademarks and the new applications. Only then, in opposition proceedings, will the Patent Office examine the potential conflict and refuse to grant protection if the new trademark is – for example – confusingly similar to an existing trademark or endangers its reputation.

Brand owners have three months from the time the Patent Office publishes the application to report any such conflict. To do so, they must file a formal opposition. Before the amendment, brand owners filed only observations (which did not start the inter partes proceeding), whereas the remaining counteraction proceedings were available post-registration.

Evidence and Claims



Brand owners must thoroughly prepare for opposition proceedings and act very swiftly to protect their brands. Following the amendments, parties to opposition proceedings may be required to provide all claims and evidence at specific stages of the proceedings, unless certain conditions apply. Secondly, brand owners may not apply for the invalidation of a trademark following registration

if they have already had a previous opposition based on the same legal conditions dismissed (in a final and non-appealable fashion). Previously, brand owners could present new claims and evidence until the time the trademark was registered or the decision in the post-registration opposition or invalidation proceedings was issued.

Simplified Trademark Invalidation and Expiration Actions

The advantage for brand owners is that the amendment abolished the obligation to prove legal interest when submitting an application for the lapse of a trademark (particularly when the trademark is not actually used), as well as in invalidity proceedings based on absolute conditions.

Trademark Watching

In summary, whereas previously, the Patent Office itself excluded applications for trademarks that were confusingly similar to existing rights, now brand owners must do their own monitoring of trademark applications. This is also important due to the fact that, unlike EUIPO, the Polish Patent Office does not send notifications of new trademark applications to owners of existing rights.

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Hungary

Will the Die Soon Be Cast? The Unsettled Status of the Rubik's Cube EU Trademark



Trademark Office (EUIPO) on April 6, 1999.

The EU trademark history of the Rubik's Cube, which was invented in 1974 by the Hungarian Erno Rubik, goes back to April 1, 1996, when the UK-based company Seven Towns Ltd, filed an application to register the "three-dimensional puzzles" trademark by using the three-dimensional mark of the Rubik's Cube. The trademark for the shape was issued by the EU's

The legal debate over the trademark for the shape of the Rubik's Cube began in 2006 when Simba Toys, a German toy manufacturer, applied to EUIPO to have Seven Towns' three-dimensional mark cancelled on the grounds that, inter alia, the mark involved a technical solution in the form of its rotating capacity, and that such solutions can be protected only by patent and not by trademark. On September 1, 2009 the Second Board of Appeal of EUIPO dismissed this application, and Simba Toys then brought an action to annul the EUIPO's decision before the General Court of the European Union.

On November 25, 2014 the General Court dismissed the action of Simba Toys. The General Court stated that even if the shape did incorporate a technical function, the internal mechanism of the cube is invisible in its graphic representations, and therefore, it cannot serve as a ground for the refusal of the trademark for the shape.

Simba Toys appealed to the European Court of Justice against the judgment of the General Court and EUIPO. On May 25, 2016 Advocate General Maciej Szpunar proposed that the Court of Justice set aside the judgment of the General Court and annul the decision of EUIPO. The Advocate General noted that the General Court restricted itself to an examination of the graphic representation on which the registration had been applied for, and did not take other essential information into account. The Advocate General stated that the relationship between the technical function of the goods and the characteristics of the shape represented had not been analyzed at all, even though, according to the relevant EC Regulation (Regulation (EC) No 207/2009), the registration of signs will be refused if it consists exclusively of the shape which results from the nature of the goods themselves, or the shape of goods which is necessary to obtain a technical result. Therefore, according to the Advocate General, the functional features of the shape and the function of the product should have been taken into account in the first place.

We can state with utter conviction that the technical function and the shape of the Rubik's Cube are inseparably connected. However, it is not obvious that this connection is exclusive, which has to lead to the exclusion on the basis of the above regulation rules. Although the shape and design of the Rubik's Cube is known throughout the world, its functioning is so complex that someone who has never used the Rubik's Cube could not conclude its function, if this person examines only the registered graphic representation

The uniqueness of the Rubik's Cube – and therefore its difference from other three-dimensional puzzles available on the market – is obvious. Maybe it is not so outrageous that at the time of the invention



of the Rubik's Cube the function came first and it was only followed by the design. However, since then its design and shape have become as unique as its functioning.

As stated by the General Court in its judgement, the registered trademark of the "three-dimensional puzzles" formed by the three-dimensional mark of the Rubik's Cube does not preclude

other manufacturers from creating other three-dimensional puzzles with similar rotation functions. However, they have to respect the registered trademark of the Rubik's Cube and have to use a different design. The Rubik's Cube is distinct and is known worldwide and the marketing monopoly generated by its trademark is limited to three dimensional puzzles that have the shape of a cube, the surfaces of which bear a grid structure (as indicated on the graphic representations of the trademark).

Kinga Hetenyi, Managing Partner, and Roland Szebnnyi, Associate, Schoenherr Hungary

Croatia

Lawyers of the World, Embrace Innovation!



They say there is a grain of truth in every joke. Ten years ago, the movie *Man of the Year* was released, and in it Tom Dobbs, Robin Williams's character, joked: "Soon, all of your appliances will speak to each other. You'll get on the scale and it'll go, 'I've talked to the microwave; forget it, pal.'" A decade later, that statement is nothing but the truth. Well, maybe, we could still possibly find a

grain of joke in it.

Nowadays, our devices communicate with each other about us, we talk to them, and they sometimes talk back to us. Let's remember the fairly recent delight across social networks about Apple's Siri's sarcastic responses to, let's call them, 'tricky' questions like: "What is 0÷0?"; or Microsoft's less delightful experiment with its AI chatterbot Tay. Moreover, those who are unenthusiastic would say our devices – even our clothes – are spying on us or are even out to get us. Have you noticed the 'nice and practical' ads that start appearing in your social media feed once you search for a certain product online or visit a certain website? Have you heard of autonomous cars? What happens if such a car is faced with the dilemma of whom to injure in a critical situation – its passengers or a jaywalking pedestrian? I still remember the day I first heard of and had trouble wrapping my mind around the idea of 3D printing. Today, articles about 3D bio-printing human tissue fascinate almost no one. While the enthusiasts can hardly wait for the day when 3D printers enter mass production and our households, those reticent about the idea point out the ways in which the technology can be abused. Smart clothing and so-called "wearables" are nothing new, and the technology goes further. Around the same time Google Glass was released on the market and shortly thereafter withdrawn from production, Google filed another interesting patent application for an intra-ocular device, an electronic lens that could be injected into an eyeball to improve vision.

All of the above and many other issues raised by the recent technology boom have not only their scientific, technical, social, and ethical, but also legal repercussions. It is a hackneyed fact that the law lags behind technology advances and human creativity. Actually, the moment I wrote the words "human creativity," I stopped to think if there was any other kind of creativity. Apparently, there may be. Recently, I came across an article about an AI project that creates artificial reconstructions of films.

Obviously, examples of exciting technology are endless as new inventions and creations emerge rapidly. New technology requires new business models of exploitation. Thus, the creative world is faced with the cold hard realities of business, and eventually creativity and business encounter the realm of law. Many of the abovementioned examples raise numerous legal concerns, starting with safety and privacy and ending with intellectual property issues.

Since stopping innovation does not seem to be a realistic or sensible option, the question is how the law can address the specifics of emerging technologies and pertinent models of their commercialization. It appears to me that one of the key factors is flexibility. Although generally the law is more conservative than the areas it regulates, especially such propulsive ones as these new technologies, intellectual property law, media law, information technology law, and other legal fields that are evolving along with the pertinent areas of human creativity, innovation, and activity demonstrate greater elasticity. Sophisticated interpretation and application of existing law is the instrument for approaching the novel challenges posed by advances in science and technology. As a result, the law improves, develops, evolves. Further, in the era of globalization, the worldwide harmonization of law in these legal fields is another key factor that serves to facilitate the interaction between the ever-changing nature of our world and the lagging law. Intellectual property, media, and technology are innately global in terms of their application and exploitation. Therefore, the laws regulating those areas must provide for at least a common set of standards uniformly applied worldwide. Speaking from a Croatian perspective – Croatia being a rather small market rich in talent and innovation, still striving to overcome many of the drawbacks of the transition – I must emphasize the importance of efficient and consistent law enforcement. I suppose the bottom line is that legal professionals must embrace innovation not only as the object of their professional endeavors but also as an indispensable attribute of their occupation.

Olena Manuilenko, Head of IP & TMT Department, Divjak Topic Bahtijarevic

Bulgaria

Parallel Reality for Parallel Import in Bulgaria



Parallel imports (sometimes referred to as "gray market goods") refer to branded non-counterfeit goods that are imported and sold on a particular market without the consent of the trademark owner. The issue of "parallel import" arises in connection with the legal concept of "exhaustion of IP rights". According to this concept, once a trademark holder sells a branded product in a particular jurisdiction, the holder must allow the further resale of that product in that jurisdiction. The trademark rights covering the product are "exhausted" by the first sale with the trademark owner's consent.



There are two types of exhaustion regimes: national (or regional) and international. The “International Exhaustion” regime allows a further resale of trademarked goods in any country or region other than the country or region of first sale. Under the “National Exhaustion” regime, by contrast, the brand owner’s rights are considered exhausted only for the specific country or region of the

first authorized sale. The European Union applies a system of regional exhaustion within the European Economic Area (EEA), whereby no one can lawfully import genuine branded goods from outside the EEA into the EEA without the consent of the trademark owner.

Bulgaria, as an EU member state, applies the rule of EEA regional exhaustion in line with the principle under Article 7 of the Trademarks Directive, which has been duly transposed into the Bulgarian Trademarks Act. As a result, trademark owners should expect to have proper legal means in Bulgaria to enforce their rights against unauthorized parallel imports introduced onto the Bulgarian market from outside the EEA. However, this is not exactly the case in Bulgaria.

In view of the inconsistent case-law of the Bulgarian courts in relation to parallel import cases, in 2009 the Supreme Court of Cassation (SCC) issued an interpretative decision on the matter (“ID 2009”), signed with a number of dissenting opinions and ruling that the unauthorized import of genuine goods from outside the EEA does not infringe the Bulgarian Trademarks Act. The ID 2009 reasoning is legally flawed, and its conclusions are manifestly contrary to the Trademark Directive and its interpretation by the ECJ. The situation is even worse because the interpretative decisions of the SCC are binding on all lower courts as regards the interpretation of law.

Meanwhile a Bulgarian judge dealing with a parallel import case on first instance decided to refer a question to ECJ, resulting in the October 2010 Ruling on Canon Case C-449. In this ruling the ECJ referred to its established case-law and explicitly reiterated that the trademark owner may prevent original goods bearing the mark from being put on the market in the EEA for the first time without his consent.

However, in 2012, in a second interpretative decision (“ID 2012”), the SCC confirmed its previous interpretation, although again as in the case of ID 2009 despite a considerable number of dissenting opinions. In ID 2012 the SCC implied that for the protection of their rights against parallel import trademark owners cannot rely on the Trademarks Act but instead they have been offered the procedural option to bring claims under general civil law – particularly on the grounds of unjust enrichment (as a form of extra-contractual liability). This reference to Bulgarian general civil law actions is a smokescreen. It masks the fact that there are no real legal grounds for opposing parallel import in Bulgaria because the possibility suggested by the SCC is completely inadequate and insufficient to ensure enforcement of trademark rights. It is totally wrong to state that instead of the special protection and remedies provided by the Trademarks Act (e.g., seizure, destruction, cease-and-desist orders, compensation for damages), the proprietor must file a civil claim for unjust enrichment and that this will sufficiently ensure its protection in case of parallel import. It is a fact that after the issuance of ID 2012 there have been no cases on parallel import brought before the Bulgarian courts either under the Trademarks Act or under the general civil law provisions. This strongly suggests that the civil law provisions on unjust enrichment are not seen by the right holders as a legitimate legal tool to protect their rights against parallel imports.

In conclusion, Bulgaria appears to be the only EU member state where – due to established internal case-law in breach of EU law – trademark owners have no effective legal means to prevent unauthorized parallel imports. The Bulgarian legal community is still disputing the conformity of both IDs with national and EU law.

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Slovenia

Recent Developments in IP Law in Slovenia



In Slovenia, in the field of IP law, two changes are expected in the near future. The first relates to collective management of copyright and related rights and the second to the European unitary patent.

The Collective Management of Copyright and Related Rights Act (ZKUASP), which is currently in parliamentary procedure, will replace the relevant provisions of the Copyright and Related Rights Act (ZASP). It applies to copyrights for non-theatrical musical and written works, reproduction of works for private and other internal use, and copying and cable retransmission of works, the collective management of which is mandatory in Slovenia, as it is in most other countries.

The main objective of ZKUASP is to increase the accountability of copyright collecting societies and the transparency of their operations. Indeed, ZKUASP will eliminate the monopoly of copyright collecting societies, as, going forward, rights-holders will be able to freely choose which copyright collecting society they want to join and will have a say on the distribution of collected royalties as distribution rules will be adopted by general meetings. In addition, a mandatory managing structure for copyright collecting societies, modeled after the corporate structure of joint-stock companies, with a general meeting, a supervisory board, and a management board, is foreseen. ZKUASP also includes provisions on liability and disclosure of conflicts of interest for members of the supervisory and management boards.

Furthermore, annual reports of copyright collecting societies will be subject to approval by general meetings and to publication on the website of The Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES).

Another positive development relating to collective management of copyrights is that a new Copyright Board has been appointed. The Copyright Board is a scientific, independent, and impartial authority that decides on appropriate tariffs for the use of an author’s works and other issues relating to the conclusion and lawfulness of agreements between a copyright collecting society and representative organizations of users of an author’s works.

The Copyright Board has carried out its tasks in a very limited way since March 2015, when all members of the former board resigned. For instance, in 2015, only two regular meetings were held, compared to the 12 regular meetings that took place in 2014. The new President of the Copyright Board, Tilen Tacol, Senior Associate at ODI Law, has announced that the work of the Board will become effective again, with the Board meeting every two weeks.

Moving from the national to the international level, the European unitary patent system is built on the European Patent Convention that has



verging decisions, and a lack of legal certainty that should be overcome with the new unitary patent system.

At the patentee's request, unitary effect will be given to European patents granted by the European Patent Office (EPO) for the territory of 26 participating states (i.e., all EU members except Spain and Croatia). The costs of patent registration and maintenance will be reduced, as the renewal fees will only be paid to the EPO (amounting to the sum of renewal fees payable in United Kingdom, Germany, France, and the Netherlands) instead of to every designated state. The companies registering or holding individual patents in several or even all participating states will, in particular, benefit from the new regulation.

Moreover, the Unified Patent Court (UPC) -- a specialized patent court with exclusive jurisdiction for litigation related to European unitary patents -- will be established. The court will be composed of a Court of First Instance (with a central division and several local and regional divisions, making litigation easier and more accessible), and a Court of Appeal located in Luxembourg. A decision issued by the UPC will be enforceable in all participating states.

Alternatively, the parties will be able to settle disputes before the Patent Mediation and Arbitration Center, with seats in Ljubljana and Lisbon.

The European unitary patent is expected to come into effect in the beginning of 2017.

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Romania

Trademark Transfer by Assignment Agreement Under Romanian Legislation – Legal Aspects



Assignment agreement is a legal instrument often used by parties (assignor and assignee) for a voluntary transfer of trademark ownership. National legislation provides the mandatory requirements for trademark assignment agreements ("TA Agreements").

Under Romanian legislation, there are several specific requirements applicable to TA Agreements, under the penalty of nullity or annulment of the assignment. Here is a brief presentation of these requirements.

Form Requirements for a Free of Charge TA Agreement

Requirements of Romanian Trademark Law

According to Romanian Trademark Law (RTL), any TA agreement must be in written form bearing the parties' signatures, under the pen-

alty of nullity of the assignment (this provision is similar to the first thesis of art 17 (3) of European Trademark Regulation).

Requirements of the Romanian Civil Code

The Romanian Civil Code (RCC) supplements the provisions of RTL. Under the RCC, the agreement whereby "a party having the intent to gratify, irrevocably disposes of an asset for the benefit of other party, represents a donation." Donation rules are applicable to any agreement that regulates an irrevocable free-of-charge transfer of ownership in a specific asset. Subject to the penalty of nullity of donation, these rules provide, inter alia, that (i) the donation agreement must be concluded under authentic form (i.e., by a public notary) and (ii) the donated asset(s) must be itemized and evaluated even under a private deed.

Since a trademark is an asset, it is generally accepted that to assimilate a free-of-charge TA Agreement via donation, the TA Agreement should comply with the above-mentioned special rules (i.e., it should be concluded before a public notary and the trademark assigned has to be evaluated).

Donation rules are not applicable for free-of-charge TA Agreements that contain a revocation clause, however.

Assignment of Similar Trademarks Owned by a Holder, Which Are Used for Similar/Identical Goods and/or Services

RTL states that "all identical or similar trademarks owned by the same holder, which are used for identical or similar goods or services, should be assigned to the same person under the penalty of nullity of the assignment."

This restriction is debatable since it may impose the acquisition of trademarks upon an assignee who has no interest in them. On the other hand, this restriction protects consumers against the confusion that can be created where similar/identical trademarks are used by different owners for similar/identical goods and services.

The assignment of similar or identical trademarks that have been used for identical or similar goods before the conclusion of the agreement is subject to this restriction. Per a contrario, an assignment agreement should be valid if it involves: (i) a trademark that is in use at the moment when the agreement was concluded, if this trademark is identical with/similar to the other trademark of the same owner, which has not been used for identical/similar goods and services; or (ii) a trademark that has not been used before the conclusion of the agreement, if this trademark is identical with/similar to the other trademark of the same owner, which was used for identical/similar goods and services; or (iii) a trademark similar to/identical with the other trademarks of the same owner, if all these trademarks (including the trademark that is the subject of the assignment) covering the same goods and services have not been used.

Agreements on Assignment of Trademarks for a Price

Trademark assignment for a price is a particular sale of goods regulated by the RCC. In this respect, general rules on price requirements regarding sale of goods provided by RCC are also applicable to trademark assignments. One of these requirements provides that the price should be serious and determined, or at least determinable.

If the price is set without intention of payment, or is disproportionate to the value of the assigned trademark, the TA Agreement can be subject of annulment.

Given the above, one can conclude:

- One should avoid drafting free-of-charge TA Agreements under private deeds;
- One should not set negligible prices in TA Agreements (e.g., "the

consideration for trademark's transfer is one EURO");

- For transactions where a trademark portfolio of one holder is to be transferred to multiple assignees, before negotiations one should check the validity of such transactions by identifying all identical/similar trademarks from the portfolio and checking whether the goods and services designated by respective trademarks have been used.

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Serbia

Parallel Import



The contemporary business world has become fundamentally tied in with the progress of globalization. As a result, few industries are able to exist and sustain themselves in a purely national context. An example of the challenging issues caused by such globalization is the international trade of fast-moving consumer goods (and to a lesser extent pharmaceutical products), as well as the ways in which such

products find their path to consumers' hands. More precisely, the ways that products are moved across borders and how this movement is affected by the relevant national intellectual property (IP) protections in place reveals the distinction between international and national IP rights. The presence of the "parallel import" issue has sparked a controversial debate over which of the two regimes is preferable.

Parallel import – which in some circles is considered the premier example of a "grey" practice – encompasses products that are "genuine" goods (i.e., not counterfeit goods), since they have been manufactured by, or for, or under license from the brand owner, but which are then imported into a different jurisdiction from that intended by the brand owner. Deeming such practices "grey" for their ambiguity in terms of being either beneficial or detrimental depending on one's point of view – both in the competition and intellectual property contexts – goes to show the inherent difficulty in establishing an effective universal set of rules.



In Serbia, the relevant regulatory framework was created in 2013 when the creed of national exhaustion of rights was initiated. This doctrine meant that a trademark holder could prohibit the trademark's use on goods placed on the Serbian market by another without his direct authorization. Exclusive distributors promoted this initiative as it was their interests that were mainly affected by

the presence of parallel imported products, including the "free ride" that parallel importers gained from the exclusive distributors' advertising activity. All of this led, in April 2015, to the commercial court in Belgrade making a decision that would serve as a defining point of legislation in this regard. Since then, exclusive distributors have had the right to sue those engaged in parallel import activities on the basis of national exhaustion of intellectual property.

Disagreeing with the court's decision, local distributors asked the Serbi-

an Commission for the Protection of Competition for an official opinion, claiming that the court's ruling put exclusive distributors in an unfairly dominant position. The Commission, in presenting its point of view, made it clear that it would base its conclusion on what would be the most beneficial situation for the end consumer. It then opined that competition in this case should be split into two kinds: (a) static – situations in which parallel imports bring immediate benefits to consumers by making the products cheaper; and (b) dynamic – situations in which parallel imports damage or negatively affect innovation tendencies of the trademark holder (i.e., the diversification of their portfolio), resulting, in the long-term, in a detrimental effect on the end consumer. The Commission's final opinion, perhaps unsurprisingly, was that emphasis should be put on balancing these two considerations. Moreover, the Commission emphasized the importance of having every participant in the market – especially those with a potentially dominant position – act so as not to hurt the market's competitiveness.

Finally, the entire situation does not bring us much closer to reaching a universal stance on the matter, apart from perhaps educating us somewhat further. With Serbia's ascension to the EU looming, and considering all of the regulatory updates made en route to it, it will be very interesting to see how this issue will play out in the coming period, as the above-mentioned balancing act between the two factors threatens to become ever-more difficult.

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Ukraine

Upcoming Intellectual Property Reform in Ukraine



Background to Suggested Reform

By ratifying the Association Agreement, Ukraine committed to implementing the provisions of EU law that govern intellectual property. However, this is not the only factor pushing Ukraine to reform its IP legislation. Major market players from the IT, pharmaceutical, and media industries are dissatisfied with the outdated Ukrainian IP legislation, which they believe impedes the development of their business.

Accordingly, draft laws have been developed not only to bring existing regulations in line with EU legislation but also to solve problems facing local businesses. Below, we briefly analyze the most recent and important draft laws aimed at reforming the current regulation of IP in Ukraine. We expect these draft laws to be adopted later this year.

Improvement of Copyright Enforcement on the Internet

Since 1998 Ukraine has been mentioned in the Special 301 Report prepared annually by the Office of the United States Trade Representative. The Report is a review of the state of IP rights protection and enforcement in American trading partners around the world. One of the reasons Ukraine is mentioned in the Report is that it lacks IP protection mechanisms on the Internet.

Draft law No. 4629 "On Amendments to Certain Laws of Ukraine Regarding the Protection of Copyright and Related Rights in the Internet" aims to improve the current situation in four ways. First, it provides a pre-trial procedure to remove the content that violates cop-



right or related rights. Second, it obliges website owners and hosting providers to remove or restrict access to copyright or related rights-infringing content. Third, it provides for liability of website owners and hosting providers for non-compliance with their obligations under this draft law. Finally, it authorizes notaries to certify the evidence of copyright or related

rights violations received from the Internet.

This draft law should significantly decrease the amount of content illegally placed on websites hosted in, operated by, or directed towards parties located in Ukraine.

Combating Patent Trolling

Under Ukrainian law, obtaining a patent for industrial design is not subject to an examination of the novelty of the design. Unfair applicants use this legal loophole to obtain a patent on the well-known form of certain inventions (counters, batteries, light bulbs, etc.). After receiving this kind of “unfair” patent, they start to defend their “violated” rights by requiring payments of royalties for the use of their intellectual property.

Although draft law No. 2352 “On Amendments to the Law of Ukraine ‘On Protection of Rights to Industrial Designs’” does not tighten the requirements for obtaining a patent, it substantially simplifies the procedure for challenging one. Interested parties will be able to challenge the issuance of an “unfair” patent both before and after its issuance in a non-judicial procedure.

We expect that these amendments will provide right holders with sufficient instruments to challenge patents obtained for unfair use.

Ownership of Intellectual Property Rights for Computer Programs Created by Employee/Contractor

There is conflict in Ukrainian law as to who owns IP rights to work created by an employee or contractor. This issue is especially sensitive for software developing companies, who want to have maximum legal support when it comes to the acquisition of rights to the software.

Draft law No. 4579 “On Amendments to Certain Laws of Ukraine on Acquisition, Management, and Protection of Copyright and Related Rights” settles this contradiction in favor of the employer/customer. Unless otherwise provided by the contract, property rights to a computer program or database created in connection with the performance of labor or civil contract will belong to the employer/customer. This position is consistent with Article 181(4) of the Association Agreement.

Electronic Form of License Agreements

Foreign software companies usually do not enter into written licensing agreements and prefer to use so-called “click wrap license agreements”. According to the established practice in Ukraine, inspection bodies, as a rule, rarely treat license agreements in electronic form as sufficient evidence of the legal use of software. Therefore, Ukrainian IT companies often face challenges in proving lawful use of the software.

Draft law No. 4579 “On Amendments to Certain Laws of Ukraine on Acquisition, Management, and Protection of Copyright and Related Rights” equates electronic forms of license agreements with written ones. This proposal should clarify the issue that has been debated for

almost a decade.

Conclusion

The reform of the outdated IP legislation will allow Ukraine to increase its attractiveness to foreign investors and resolve the existing problems of national businesses.

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Greece

Prioritizing Priorities: IP Challenges for Greece



The critical value of Intellectual Property Rights (“IPR”) to the global economy has been much discussed and analyzed in a series of published EU and national economic studies and reports, quantifying both the contribution of IPR-intensive industries to economic performance and trade and the significant economic impact of counterfeiting. Corporate and

government budgets, allocation of human and other resources, integrity of public administration, investments, and criminal activities are all affected by the unauthorized use of IPR, which includes trademarks, patent, copyright, and designs.

Counterfeiting is a significant problem for the long-suffering Greek economy, which is now in its eighth year of recession. A 2015 EUIPO report on “The Economic Cost of IPR infringement in the Clothing, Footwear and Accessories Sector” reveals that legitimate industry loses approximately EUR 953 million of revenue annually, corresponding to 18.7% of the sector’s sales in Greece, while the EU average is only 9.7%. Counterfeit goods produced in the EU alone account for direct employment losses equal to 19,803 jobs. When adding in damages incurred due to indirect effects, general losses in the clothing, footwear, and accessories sector translate into approximately EUR 1.32 billion of lost sales in the EU and 24,375 job losses in Greece, a country with an unemployment rate of nearly 25%. The loss in government revenue due to counterfeiting is a painful injury to an already crippled Greek economy.

Such economic assessments indicate the need to reshape anti-counterfeiting strategies by re-prioritizing them. In this context, efficient IPR strategic planning should focus on the following four directions:

IPR Enforcement Coordination: Coordination of the five competent agencies in Greece remains the cornerstone of all operational aspects, as analysis of intelligence, dissemination of information, and operational coordination contribute not only to operational efficiency but also to creation of effective policy. The appointment of a coordinator at the highest possible level would give the political tone required to intensify anti-counterfeiting efforts and make use of both settled best practices and the existing adequate legal framework.

Police IP Department/ IP Public Prosecutor: National police service is in urgent need of a specialized IP department, well equipped to scrutinize and dive into the most important IP infringement cases. Under the supervision of a dedicated IP Public Prosecutor, valuable data could be mined from IP criminal cases, and infringers would be prosecuted to the full extent of the law, terminating the current “soft approach” of judicial practice.

Goods in Transit: Greece has been listed as one of the top provenance economies of counterfeit goods in the “Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact” report (OECD and EUIPO, 2016). Greece has made its entry to the list not as one of the manufacturing countries, but due to its geographical position, serving as a gate to Europe. For Greece to remove itself from the listing, special attention should be paid to the immediate implementation of the much-awaited tool provided for in the recent EU trademark reform package: the permitting of inspection and seizure of goods in transit. In addition, Greek customs authorities should be financially supported and reinforced in playing their role in IP protection at the crossroads of three continents and significant maritime routes.

Anti-counterfeiting in Tourist Destinations: The proliferation of counterfeits in the Greek islands and other summer resorts requires urgent attention, as they address a wider group of consumers, including both Greek and foreign visitors. Often displayed in small batches per infringing brand, infringing products cannot be easily tackled by IP owners, and instead require a well-organized plan of action, implemented by the local enforcement agencies and local business communities and aimed at eliminating the disparaging phenomenon.

Final note: according to OECD statistics, Greece presents the lowest business investment activity in intangible assets and GDP per capital, far behind the US, Norway, and its EU peers. There is no doubt that IP could successfully work as an economic development tool for Greece, a country in urgent need of a spur of innovation. Thus, a strong stimulus of IPR-intensive companies, along with efficient anti-counterfeiting measures, are among the incentives that Greece should strive for.

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Slovakia

A Major Step Forward in Resolving Domain Name Disputes in Slovakia: Introduction of Alternative Dispute Resolution from 2017



Slovakia is awaiting the significant changes to the country's domain registration regime that will become effective in January 2017. A new alternative dispute resolution mechanism will become an integral part of the rules of domain names registration under Slovakian code for top level domains.

Until now, all domain disputes in Slovakia had to be heard and decided by general courts. There were no alternative dispute mechanisms to streamline and make handling of domain name disputes more effective. The more Slovakian top level domains were registered, the more disputes arose with regards to problematic domain names. The increasing commercial value of the domain names caused the parties concerned to duly assess their legal positions vis-a-vis potential defendants and opt for an optimal business strategy. As in many other countries, cyber-squatting and registering domain names in bad faith became a real concern for well-known individuals and entrepreneurs operating in Slovakia.

Given the fact that no alternative dispute resolution system existed, the only possibilities for a right holder to acquire a domain held by a cyber-squatter were either to pay the cyber-squatter's ransom or to file



a legal action with the competent general jurisdiction district court. When a right-holder opted for the latter course of action, in the vast majority of cases he or she also requested a preliminary injunction barring the defendant from any disposition with the domain name prior to the court's judgment on the merits, and another injunction barring the defendant from using

the domain during the trial. All these court actions inevitably meant that the right holder was forced to incur expenses such as court fees and attorney's fees – which accumulated as the cases lingered. Another material hurdle for the right holder was the fact that in many cases the general courts had very little experience in deciding domain disputes.

Now the situation in Slovakia will change, as the Slovakian top level domain registry approved an amendment to its rules of domain names registration under the Slovakian code for top level domains (.sk ccTLD). According to the amended rules, a holder of a Slovakian domain name will be obliged to submit to the mechanism set forth in the newly adopted Rules of Alternative Dispute Resolution. As of January 1, 2017, the alternative dispute resolution of domain name disputes will be carried out by the Centre for Alternative Dispute Resolution of the European Information Society Institute (the “ADR Centre”).

The ADR Centre will keep a list of experts authorized to decide domain name disputes, administer the execution of dispute resolution proceedings, and issue the Rules of Alternative Dispute Resolution (the “ADR Rules”), which will include the schedule of fees applicable to domain name disputes.

The overall goal of the new alternative dispute resolution mechanism is to achieve a quick resolution of .sk domain name disputes, while taking into account the technical and commercial functions of domains and the need for highly professional, impartial, transparent, and fair decisions.

Under the ADR Rules, any person will be entitled to file a petition with the ADR Centre, claiming that a domain name held by another party is identical with or confusingly similar to the object of the petitioner's intellectual property right (e.g., registered trade mark, designation of origin, geographical indication, name of a protected plant, unregistered sign, business name, name of protected pseudonym or well-known nickname of an individual, name of a creator or author of literary or artistic work, or designation of fictional characters).

Where the petition is based on existing rights to the so-called well-known names or designations, proving the likelihood of confusion would not be required.

Through the ADR Rules, the petitioner would be entitled to seek: (i) cancellation of the domain name registration, or (ii) transfer of the domain name registration either to the petitioner or to a third person. The decision adopted by an expert of the ADR Centre will be final and will not be subject to review. However, this will not affect the right of either party to initiate regular court proceedings. In practice, however, it is rather unlikely that a cyber-squatter or a bad faith registrant will do that.

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Turkey

The New Industrial Property Rights Law of Turkey

Introduction



Under Turkish Law, five different decree laws regulate the regime of trademarks, patents, industrial designs, geographical indications, and integrated circuit designs. The recently introduced Draft Law on Industrial Property Rights (the “Draft Law”) aims to consolidate these five decree laws into a complete set of rules and present reforms

to the current regulations to align the regime on industrial property rights with the relevant European Union regulations. Negotiations on the Draft Law have been pursued in the Turkish parliament since April 4, 2016, and it is expected to be enacted in the near future.

The most significant reforms regarding trademarks and patents introduced by the Draft Law are worth explanation.

Significant Reforms of the Draft Law on Trademarks and Patents

The current legislation sets forth absolute grounds for refusal of a trademark registration. The registration of a trademark which is identical or confusingly similar with a previously registered trademark or with a previously applied trademark application with respect to the identical or same type of goods or services will be rejected. Although the same provision is incorporated in the Draft Law, applicants are presented with a new opportunity as well: an application for a trademark registration shall not be rejected where the proprietor of a trademark consents to the registration of a subsequent trademark which is identical or confusingly similar with its trademark for identical or same type of goods or services. A notarized letter of consent shall be submitted before the Turkish Patent Institute as proof of consent.

A third party, acting in good faith within the context of commercial and industrial use and in the ordinary course of trade, may use another’s trademark subject to certain conditions. The Draft Law has enhanced the scope of the fair use of another’s trademark, and the amendment is in line with the new trademark legislation in European Union Regulation No 2015/2424. The Draft Law provides that a third party may use another’s trademark where it is necessary to state the intended purpose of goods or services, especially of accessory and auxiliary equipment. The relevant provision clarifies the use of trademarks by resellers, distributors, and auxiliary equipment sellers.

One of the most significant reforms of the Draft Law is the removal of penalties of imprisonment and fines stipulated under the highly criticized current patent legislation. Removal of this highly criticized provision is progress, as applicants who unlawfully apply to register a certain patent are no longer penalized, nor are third parties infringing the rights of the patent holder.

Moreover, the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement – to which Turkey is a party – regulates international trademark

registration applications. The Draft Law incorporated the rule and thus international trademark registration applications made before the relevant authority in another signatory country shall be deemed to have been made before the Turkish Patent Institution as well.



In recent years, improvement of R&D activities has been strongly emphasized in government policies such as the 64th Government Program and the related Action Plan and the 10th Development Plan of Turkey. However, the Draft Law provides that the relevant public authority must be notified of inventions made in projects supported by it.

Within one year of such notification, the person benefiting from the project shall inform the relevant public authority that he/she will claim the right to the invention. Otherwise, the relevant public authority may claim right over the said invention. Once the invention is patented by the person benefiting from the supported project, the relevant public authority will be entitled to a non-exclusive and non-transferable license over the invention free of charge. Additionally, where the patent holder fails to meet the needs of public health or national security, the relevant public authority may request a licensee for its own benefit or for the benefit of third parties. As a consequence of this provision, the private sector may refrain from committing to projects promoted by public authorities.

Furthermore, the Draft Law stipulates that the government may grant a compulsory license to a public institution for patents important to public health or national security. Compulsory licenses granted on the grounds of public interest may be exclusive, or the beneficiaries of the compulsory license could be limited to certain enterprises. The intervention of the government by way of granting compulsory licenses with respect to public health may affect sectors such as the pharmaceutical sector in the long run.

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Russia

Recent Developments in Software Regulation in Russia



During the past several months, one of the most debated and discussed issues in the Russian IT legal community has been last year’s declaration of “import substitution” – the requirement that software included in the Register of Russian Software be used in all state or municipal procurement procedures – by the Russian Government.

Although the first software was only introduced into the Register of Russian Software in February 2016, it has already grown to 980 programs. Software listed in the register is recognized as originating in Russia.

Inclusion in the Register of Russian Software primarily qualifies the

software for participation in state or municipal procurement procedures, since foreign software may not be purchased by Russian state/municipal authorities. There are only a few exceptions from this general prohibition:

- If there is no software of the appropriate class that is to be procured by the state/municipal authorities in the Register of Russian Software.
- If there is software of the appropriate class in the Register of Russian Software, but this software does not meet the functional, technical, and (or) operational characteristics set forward by the customer.
- If the exclusive right to the software to be purchased belongs to a Russian legal entity, and the information on this software and (or) on the procurement thereof constitutes a state secret.

The principal criteria for software to be included in the Register are:

- The worldwide exclusive rights to the software throughout the entire effective term of the exclusive rights shall belong to: (i) a commercial entity controlled by Russian citizen(s) (through owning more than 50% of its shares); or (ii) a Russian citizen (a so-called “Russian Vendor”);
- The software has been lawfully released into circulation in Russia;
- The total amount of royalty and similar payments under agreements concerning the software payable to a foreign entity or entities controlled by a foreign entity shall be less than 30% of the Russian Vendor’s total proceeds from the sale of the software for a given year; and
- Information on the software does not constitute a state secret, nor does the software contain such information; software containing data-protection functionality has the appropriate certificate of conformance, and the copyright owner has a valid license to engage in such activity.

In connection with the import substitution, many foreign companies are now becoming more and more interested in localizing their software for the purposes of having it included in the register. In this regard it is important to note that such localization may be reached, for example, through modification of the software by Russian partners of foreign vendors.



In this context, modification means reworking the software source code, but not changing the software settings or anything similar. A modification of the software leads to creation of a new product on the basis of the existing one and according to Russian law the author of the new, modified software has rights to it.

Russian law is silent on what scope of modification is enough for the new software to be created, and the definition of “modification” is rather broad and uncertain, but there is a general approach in law and court practice that can be helpful. In particular, any modification (even a minor one) may bring forth a new product if this modification adds an element of novelty to the software. In other words, any level of reworking might be sufficient if this reworking is creative (i.e. not performed automatically) and introduces new and original features to the original software. Nevertheless, the question of what “novelty” is, as applied to software, is a technical one, and it must be considered on a case-by-case basis depending on the technical features of each particular software product.

In any case, Russian law does not treat adaptation changes—meaning any changes made exclusively with the aim of allowing the software to

function on a user’s IT infrastructure—as a modification.

Thus, new challenges of import substitution call for new creative and legally valid approaches from foreign companies and, in this sense, provide additional work for Russian IT lawyers.

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Bosnia & Herzegovina

Identity of Marks as Absolute Ground for Refusal in Bosnia and Herzegovina – Development of Practice



Prior to 2010, examiners working for the Intellectual Property Institute of Bosnia and Herzegovina examined applications for trademarks on all grounds in a lengthy process that resulted in a significant backlog. The application-to-registration timeframe at one point rose to an unacceptable period of six years, inevitably leading to the absurd situation where an application would be reaching

its tenth year and have to be renewed – without ever being registered.

As a result, on January 1, 2011, a change was made to Bosnia’s Trademark Law, and the inclusion of identity of marks as an absolute ground for refusal of a trademark application entered into force on January 1, 2011.

This law was passed over the fierce objections made in 2010 by a group of local intellectual property lawyers – the author of this text included – to the draft of the law. As they predicted, the new system has failed to solve the backlog and has created new problems.

New and Unproven System

This new system is essentially a cross between the full examination system and the opposition system and almost completely cancels the advantages of both systems.

Full examination of trademarks requires comparing a newly filed application with earlier registrations and applications, singling out potentially confusingly similar rights, and issuing a provisional refusal. This is often a long and labor-intensive endeavor, but it ensures that the owner’s and broader public interests are better protected without requiring their active participation.

On the other hand, the opposition system requires the active participation of rights owners, as they need to monitor official publications, seek potentially conflicting rights, and take steps to ensure that their trademark rights serve the original purpose – to distinguish them from the competition. This can pose a significant financial burden for the majority of small and medium enterprises, as monitoring is a professional service outsourced to third parties and opposition proceedings may be costly.

The main advantages of the opposition system are the speed of handling applications and the guarantee that unused prior trademarks will serve as obstacles for the registration of new marks. The mixed system currently in force in Bosnia hinders these potential benefits, while also compromising the benefits of full examination, such as greater certainty and better protection.

Ineffectiveness Against the Backlog

In order to examine the identity of marks, a trademark examiner still has to perform searches in the database and compare the received results. The process is only a fraction faster than the comparison of a newly filed trademark against potentially confusingly similar marks. However, in addition to the substantive examination, the examiners now also have to deal with oppositions. In practice this means that the time necessary to examine an application was not shortened even a bit. The local IP office still has a significant backlog. It is smaller than five years ago, but only because more employees were hired in the Mostar and Banja Luka premises of the Institute -- not because of legislative changes.

Ambiguous Nature of Identity

Initially, identity was interpreted quite narrowly, so that any difference, even the slightest, was enough to circumvent an office action. In one particular case, a company filed an application seemingly identical to their earlier registration. Both marks consisted of a couple of identically colored triangles. The IP office issued a provisional refusal on absolute grounds and argued that the marks were identical. The action was successfully overcome simply by claiming that one of the triangles has a slightly sharper angle, a difference that could be noticed only after very meticulous analysis and comparison. The IP office has never allowed the same owner to register two identical trademarks, rightfully reasoning that it could create havoc in the domain of licensing and security interests. The new system threatened to undermine some of the fundamentals of the country's trademark law. As a consequence, the IP office introduced a new methodology in 2015 for trademark examination and expanded the definition of identity. Even this set of quite extensive rules did not prove sufficient to cover the cases of "border-line identity".

Conclusion

While custom-made solutions for country-specific problems are often welcome, sometimes it is better to follow an established path. Two dominant systems for examining trademarks are a standard solution to a universal need, and Frankensteinian experiments usually lead to unexpected outcomes.

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Lithuania

Reforming Collective Management of Copyright and Related Rights in Lithuania



Lithuania is currently finalizing its internal debate on the transposition of Directive 2014/26/EU on the collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market (the "Directive"), which will change the Law on Copyright and Related Rights of the Republic of Lithuania (the "Copyright Law") and will have an

enormous impact on all stakeholders: collecting societies, right holders, and users.

One of the main innovations of the upcoming amendment is the establishment of multi-territorial licenses for online rights in musi-

cal works – an instrument never before used in Lithuania. This will meet commercial users' need for a licensing policy that corresponds to the ubiquity of the online environment and is multi-territorial. In this respect the amendment to the law almost literally transposes the main principles set forth in the Directive – the main provisions of the licensing agreements, agreements between collective management organizations for multi-territorial licensing, transparency, the accuracy of multi-territorial repertoire information, and others.

Transparency of the repertoire is new in itself, and it will be extended not only to cover multi-territorial licensing issues but also established as a general principle capturing collective management. Before the Directive's implementation none of the collecting societies published their repertoire, which created heated debates in the market as to whether tariffs unilaterally approved by organizations indeed covered "all rights" and whether they were economically effective.

Amendments to the Copyright Law also abolish the requirement that a collecting society can be established only as an association. Now the law will allow any type of legal establishment as long as at least one of the following conditions is met: (i) the organization is owned or controlled by its members; and/or (ii) it is organized on a not-for-profit basis. This will allow collecting societies to obtain revenues from investments, subject to the obligation to ensure the security, quality, liquidity, and profitability of the portfolio as a whole.



The amendments to the Copyright Law will also provide more detailed requirements regarding the management, supervision, and control of the collecting society. The new set of rules should ensure more transparency in respect to disbursement of revenues, allowed deductions, and reporting. This is extremely important, as collecting societies in Lithuania in the past faced heavy criticism in

respect to the transparency in the distribution of the amounts to the right holders, which led to the establishment of several new competing collecting societies. Having two collecting societies administer the same area of rights (for example, performers' rights) poses extreme challenges for users, which are not able to get a license for all rights they use and are forced to expose themselves to the risk of possible claims, because clearing rights with two (or even more) competing societies is burdensome and expensive.

The amendments to the Copyright Law also provide a detailed procedure on how the licensing agreements with users are to be concluded, by setting forth when a request should be provided, how fast a collecting society has to reply to it, etc. In this respect one alarming element should be mentioned – new amendments do not provide for mandatory collective negotiations for mandatory administration of rights, allowing them only upon mutual agreement between the users and the collecting societies. This raises the question whether transparency in respect of the user will be ensured. Previous practice shows that multi-party negotiations for rebroadcasting license tariffs, for example, between collecting societies on one side and all cable rebroadcasters on the other were a success, with over 50 stakeholders able to reach a mutually beneficial agreement. However, if under the new regime this option will not be mandatory, it is possible that transparency in general will be compromised.

Finally, amendments to the Copyright Law provide an alternative dispute resolution institution – the Expert Commission to which disputes between collective management organizations, members of collective

management organizations, right holders, or users may be submitted. However, this dispute resolution procedure will not be mandatory and any party may still apply directly to the court.

Lithuania is under a tight timeframe, since the transposition deadline set in the Directive has already lapsed. Even though the amendments to the Copyright Law still have to be adopted in the Seimas (the Parliament of Lithuania), all stakeholders and responsible institutions have already coordinated their positions. Thus it is unlikely that the final text of the law amending the Copyright Law will change dramatically.

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Estonia

Reform Regarding Collective Exercise of Copyright



During the last years there have been numerous initiatives to conduct large-scale reform in Estonian copyright law. For the time being, those initiatives have abated, leaving extensive reform still waiting for its time. Nonetheless, copyright law is constantly changing, most recently in April 2016 when a new revised text of the Copyright Act (the “Revised Act”) entered into force in Estonia. The

object of this Revised Act was to implement Directive 2014/26/EU on collective rights management and multi-territorial licensing of rights in musical works for online uses (the “Directive”) into Estonian law.

The implementation of the Directive required extensive changes in Estonia’s Copyright Act, which did not provide enough detail in its regulation of collective management organizations. Furthermore, the concept of multi-territorial licensing was previously unknown, and there was no mechanism for the exercise of supervision over collective management organizations. Therefore, the Revised Act is expected to have a relatively large impact on the industry.

Impacts of Transparency Obligations

The first group of amendments to the Copyright Act address the specific and uniform standards for the management of collective representation, including increasing transparency in the actions of collective management organizations. For example, a collective management organization is now defined in the Copyright Act as a non-profit association that collectively exercises copyrights or related rights. The exercise of rights shall be the sole or main purpose of the organization, and that organization shall be controlled by the right-holders. In Estonia, there are four collective management organizations which qualify under this definition.

One of the economic impacts of the changes on the collective management organizations is that under the Revised Act, they now have more extensive obligations to report – which entails more costs. However, these additional costs will decrease in the years to come.

Transparency obligations are a positive change for right-holders, which will now have more information available to help them make an informed decision in choosing a collective management organization.

Impacts of Multi-Territorial Licensing

The introduction of multi-territorial licensing theoretically helps copyright holders by reducing the number of licenses required to offer



multi-territorial services, as it introduces European multi-territorial license agreements which can be issued by any country in the EU. However, specific requirements must be met by the collective management organization in order for it to be allowed to issue such licenses. As it is doubtful that the collective management organizations in Estonia have sufficient funds to comply with these re-

quirements, the impact of this on Estonian authors who might wish to obtain multi-territorial licenses might be low.

For Estonians, a positive result derives from the requirement that large collective management organizations who offer multi-territorial licensing have to offer the repertory of smaller collective management organizations under the same conditions as their own repertories. Therefore, the availability of Estonian authors’ works in the EU is likely to increase.

Multi-territorial licensing also brings forth a beneficial social impact for Estonian consumers, as a much wider array of musical works will become available.

Impacts of State Supervision

Until the adoption of the Revised Act, Estonia was one of the few EU member states which did not provide for supervision over collective management organizations. With the Revised Act, the Ministry of Justice will exercise state supervision over compliance with the requirements for collective management organizations in a two-level supervision mechanism. First, the activities of the collective management organizations who issue multi-territorial licenses will be deemed economic activities, meaning that they will have a notification obligation and be subject to follow-up inspections. Second, the activities of collective management organizations which do not issue multi-territorial licenses will also be treated as economic activities, but they will not be subject to notification obligations. Therefore, Estonian collective management organizations will need to implement systems in order to comply with the notification obligations; however, the change will not be substantial for them.

In conclusion, the amendments to the law are likely to impact the execution of copyrights through the collective management organizations. However, the ultimate impact is yet to be seen, as the Revised Act has only been in force for a few months.

Peeter Viirsalu, Head of IP, and Kart Raud, Associate, Law Firm Varul (member of the Tark Grunte Sutkiene group)

Montenegro

Montenegro IP Report: A Decade After



A few days ago Montenegro celebrated the tenth anniversary of its independence from the State Union of Serbia and Montenegro. The past decade has been quite dynamic and challenging for the country. The major economic growth that followed independence was slowed by the recession. Nowadays, Montenegro is a small

A scenic view of the Istanbul skyline at sunset. The Galata Tower is prominent on the left, surrounded by dense urban buildings. The sky is filled with vibrant orange and yellow clouds. In the foreground, the Bosphorus water is visible, with a small boat on the left and a pink building on the right.

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but an open economy with a relatively good investment climate. The country is a EU candidate, and it recently received invitation for membership in NATO.

Legislation

Development of intellectual property rights in Montenegro has almost as long a life span as the republic itself. After declaring independence, Montenegro acceded to all relevant international treaties, and thus all international mechanisms for protection continued to apply to the country. As regards the national instruments, the entire set of IP laws was created since the local intellectual property office started operations in 2008. The aim was to bring the legislation in line with the EU *acquis communautaire*.

The Patent Law of 2008 abolished substantive examination of inventions. A patent is granted if the formal requirements are fulfilled. However, the patent owner is obliged to submit a proof of patentability issued by the competent international authority before the expiration of the ninth year of protection. This requirement was prescribed by the most recent changes of the Patent Law of 2015, which rounded the harmonization process. As of March 2010, Montenegro may be designated for protection before the European Patent Office.

Amendments of trademark law abolished substantive examination on relative grounds and introduced the opposition system. As of 2010, trademark owners are able to lodge a formal opposition if they consider that a trademark application is similar to their prior right. The latest amendments, in 2014, strengthened civil protection in case of trademark infringement by including provisions on compensation of damages, unjust enrichment, preliminary injunctions, securing evidence, and the publication of court decision.

In general, all the amendments that took place aimed to simplify relevant procedures, taking into consideration the technical capacities of local institutions and the goal of providing efficient protection of IP rights.

Enforcement

Montenegro's position on the Balkan peninsula and the Adriatic Sea, bordered by the EU (Croatia) on the west and with a sea port Bar in the south, makes it a convenient entry point for counterfeits originating from the East, notably China. As of 2012, customs proceedings have been simplified and counterfeit goods can be destroyed in the absence of objection from the owner of the goods, without the need to initiate court proceedings. The prerequisite is to have a customs watch application in place.

If the owner of the goods objects to the seizure, a trademark owner may file a trademark infringement lawsuit and request a preliminary injunction to keep the goods off the market. Recent court decisions from our practice in such matters were obtained within six to nine months, a positive development demonstrating that the court is treating trademark infringement as an urgent matter.

Still, some trademark owners decide not to pursue the importer, usually when the quantity of goods is small. Such an approach is not recommended; besides encouraging counterfeiters, it is discouraging to those officials who are working to prevent counterfeit goods from entering the country.

If counterfeits are found on the open market, the competence is in the hands of market inspectorate officials. The rightful owner may request the seizure of a single quantity of goods or file a request for a watch over a certain period of time.

Parallel import is not forbidden in Montenegro. As long as the goods are original, they can enter the free market and sometimes be marketed

in a way that the trademark owner might not consider favorable. Once again, it is advisable to put the available means to use and react to such breaches of rights.

We also regularly come across other forms of trademark infringement, such as local companies registering distinguished brands as their company names, using such brands on business premises to attract consumers, using trademarks or other IP rights in advertising campaigns, and so on. Most of these are usually resolved through warning letters and negotiations.

Finally, it is advisable for trademark owners to obtain trademark rights in this jurisdiction or determine the extent of those rights they may already have, even if they are not currently present on the market, since having a valid right remains the safest instrument to fight trademark infringement. For the time being, relying on the well-known status of a trademark in order to defend it does not guarantee a positive outcome, as there is very little court practice to support this option and as the threshold for ascertaining well-known status might be high.

*Jasna Jusic, Director – Montenegro Office,
Petosevic*

Latvia

Damages for Trademark Infringement in Latvia



When signs and symbols, usually words or pictures, are used in commerce in connection with particular goods or services they transform into a specific type of intellectual property – trademark. A trademark is one of the constituent elements of a company's brand, and its main feature to enable the proprietors to prevent other merchants from using the signs on the same or similar goods or services. This system enables the proprietor of the trademark to safely create the desired brand for its goods or services.

While in most cases trademark registration (or even active use) will ensure its undisturbed use, there is always a risk of trademark infringement. One of the common available legal remedies in case of trademark infringement is a claim for compensation of suffered damages.

The damages recoverable in cases of trademark infringement are the same as with other torts, and the general aim is to restore the victim to the position it would have been in if no harm had been committed.

The Latvian Trademark Law (the "TM Law") stipulates that a person who has suffered from unlawful use of the trademark is entitled to request both material damages and compensation for moral damage caused. In most cases there are no issues regarding the calculation of moral damages, as the court shall determine the amount of the compensation for moral damages at its own discretion. Notably, the amounts of compensation for moral damages usually are modest. For example, in a case regarding the infringement of the IKEA trademark the court awarded only EUR 1,000 as compensation for moral damages.

While it is clear that the normal measure of damages is the depreciation caused by the infringement of the value of the trademark, the tricky part is the correct calculation of material damages.

In general, there are three types of material damages that can be levied in Latvia for trademark infringement: loss of profit, loss of licensing

revenues (royalties), and compensation in the amount of profit gained by the infringer due to the trademark infringement.

Until the beginning of 2016, there was no clear case law from the Latvian courts as to whether the three types of damages could be claimed exclusively or cumulatively and whether loss of licensing revenues actually constituted an independent type of damages or was just a variety of loss of profit.

Similarly, due to the incorporeal nature of trademark it is extremely challenging in most cases to prove the causation between the infringement and lost profit. As a result, there are only few cases in Latvia where loss of profit has been awarded.

Another encumbrance stems from Latvian case law which suggests that claimants who ask infringers to cease and desist from the trademark infringement can not simultaneously claim lost licensing revenue, as the two claims are contradictory.

Due to the above obstacles, parties usually opted to claim only compensation for moral damages and not to claim any compensation for material damages.



In order to improve the situation, on January 1, 2016, amendments to the TM Law entered into force, and the TM Law now clearly states that there are three alternative and exclusive (i.e., the claimant is entitled to claim only one) types of damages that claimants are entitled to demand from trademark infringers: damages (i.e., lost profit), licence payments (i.e., payment that the trademark owner might receive for provision of licence to use trademark), and profits that the trademark infringer has gained as the result of infringement.

The main benefit from these amendments is the clear acknowledgment that profit gained by the trademark infringer exists as an independent type of damages. It is expected, therefore, that claimants will elect to seek this type of damages, as in most of the cases it is easier to prove the amount of profit gained by the trademark infringer than to prove the amount of lost profit of the claimant.

Recent amendments to the TM Law have improved the legal framework for the protection of the interests of trademark owners, and it is anticipated that the activity in litigation for compensation of material damages for trademark infringements will increase.

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Albania

A New National IP Strategy is Around the Corner



Albanian IP legislation and practice have, in recent years, strengthened the recognition and enforcement of IP rights by harmonizing national laws with EU legislation and by increasing the active role of various public institutions in the process. However, there are some areas that remain in need of improvement, both in legislation and in terms of actions to be taken in practice, as per the conclu-

sions and recommendations included in the latest Progress Report of the European Commission.

In response to these needs, the Albanian Government has begun to draft the new National Strategy on IP for 2016-2020, involving various public and private institutions, both local and international, in the process. This new strategy aims to make the national economy an innovative one, based on knowledge. Parts of this strategy include the enforcement of IP rights, the proper functioning of the judiciary system, and the modernization of enforcement authorities. The strategy also suggests that the IP system should encourage the transfer of technology through its own market, focusing on the sale and purchase of patented technologies. Moreover, it prioritizes public awareness campaigns on the importance of IP and sets a number of objectives related to research and development as well as encouraging scientific research carried out in both the public and private sectors. As a result, certain public funds will be created for the benefit of scientific research institutes by allocating government subsidies for research activities.

Further, based on the requirements and obligations arising from the Albanian-EU accession process, the Albanian IP system has to effectively guarantee the same level of IP rights protection as that which exists in the EU. In this respect, the Albanian Patents and Trade Office (ALPTO) has started drafting a new bill to amend the current IP law, with its main objective being to transform the recommendations of the European Commission into law, fulfill the Albanian Government's commitments and goals on shortening the procedural terms and increasing the quality of service, solve the issues which arise under the current law, and adapt to the best practices of other international institutions. Other important objectives of the new legislative amendments will focus, inter alia, on simplifying application procedures by enabling online application modalities, introducing an IP financing mechanism by leveraging IP assets (trademarks, design rights, patents, and copyright) in exchange for financing, providing a clearer legal definition of the criteria for identifying well known trademarks, and setting the legal basis for ALPTO licensing of IP experts required during litigation and investigation.

Besides these legislative amendments, the new strategy also aims at introducing some changes into the administrative practice of several public authorities. The main mission of the newly created market supervisory inspectorate, for instance, is to guarantee the safety of products for consumers. In this respect, it shall be also responsible for monitoring the observance of IP rights related to consumer products and services. In addition, the state police and the customs authorities are considered to be the main players in preventing infringement and abuse of IP rights. New special units shall be created within each authority to focus particularly on anti-counterfeiting practices.

Another very important aspect is the lack of experience of judges and prosecutors in IP matters. The strategy revealed that the School of Magistrates program, as currently structured, includes an insufficient number of hours and trainings on IP legislation and practice. Increasing the number of judges properly trained and having the necessary knowledge of IP will not only guarantee the proper enforcement of IP rights but also have a significant impact on the general public and companies regarding the importance of such rights.

The new IP strategy for the next four years is an ambitious project, setting high goals for Albania – yet experts believe that with proper political and public support, the four-year term will suffice. The reforms to be initiated by the Albanian Government on IP matters are expected to have the same importance as other reforms when considering the accession of Albania to the EU.

*Besnik Duraj, Partner,
Drakopoulos*

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