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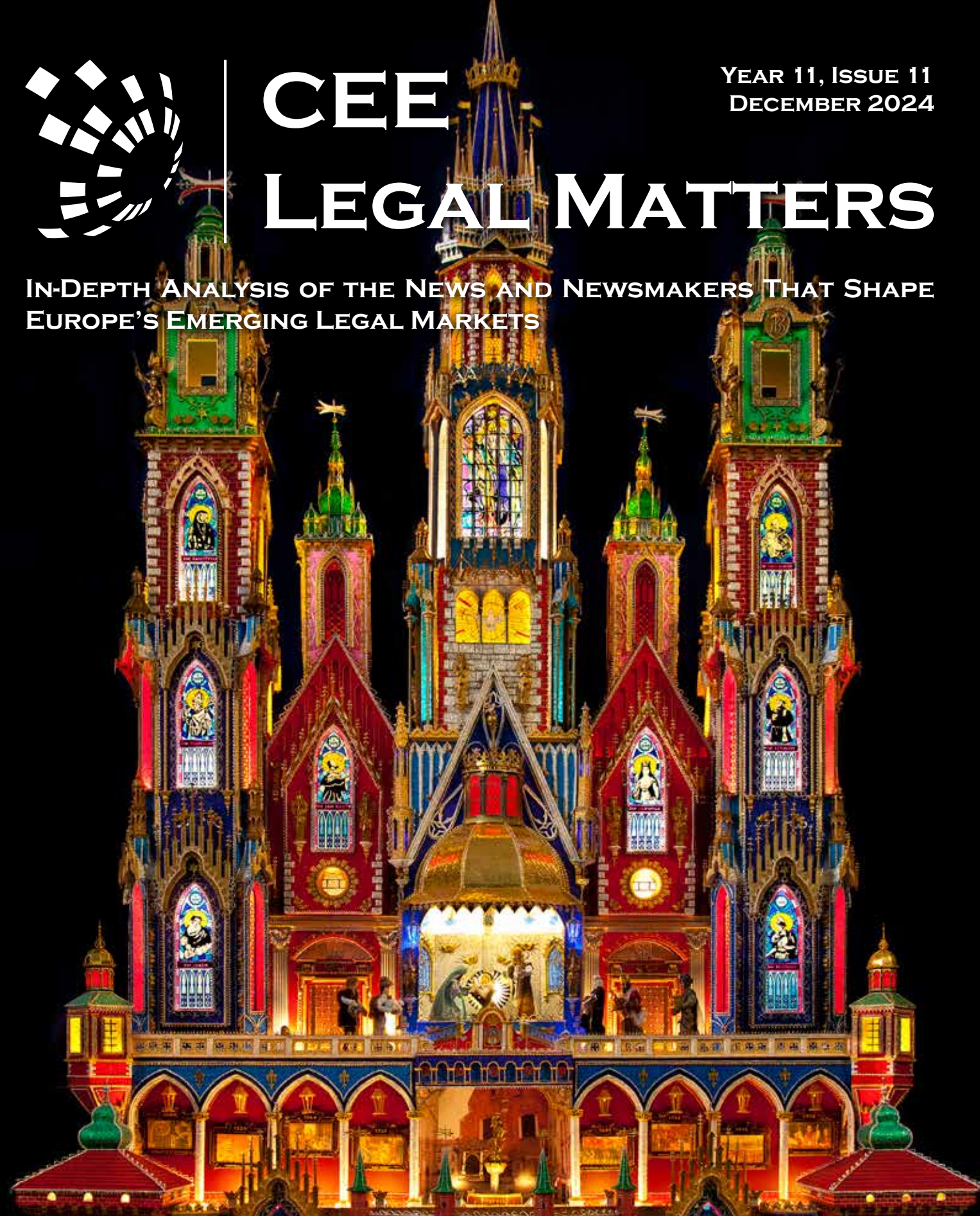
CEE Legal Matters

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



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Letters to the Editors:

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

GUEST EDITORIAL:
WITNESSING THE DIGITAL TRANSFORMATION IN CEE AS AN ATTORNEY-AT-LAW (AND MORE)

By Tamas Bereczki, Partner, Provaris Varga & Partners

When I was invited by the *CEE Legal Matters* team to write a guest editorial for the *CEE Legal Matters* magazine, I was initially perplexed, as my career path has been far from traditional. Upon deeper reflection, though, having a second profession alongside a law degree offers unique advantages, particularly when combined with the opportunity to provide both legal and business consultancy services, such as information security consultancy.

This multidisciplinary expertise enables a deeper understanding of clients' needs by bridging the gap between legal frameworks and practical business realities. For instance, a background in fields like IT, finance, or engineering can offer valuable insights into industry-specific challenges, allowing for tailored solutions that go beyond standard legal advice. Offering business consultancy services alongside legal counsel not only enhances the value delivered to clients but also fosters a more holistic approach to problem-solving. It enables legal professionals to address strategic, operational, and compliance-related concerns in a cohesive manner, which is particularly beneficial in complex, highly regulated industries. Furthermore, this dual expertise can set legal professionals apart in a competitive market, positioning them as trusted advisors capable of contributing to broader business goals rather than merely mitigating risks. In essence, combining a second profession with legal practice not only broadens one's skill set but also enriches the overall client experience, promoting innovation and efficiency in service delivery.

Since I started my career dealing with technology and digitalization matters, the CEE region has undergone significant digital transformation, driven by economic ambitions, technological advancements, and societal shifts. The region's journey has been marked by the interplay of EU funding, a talented workforce, and investments in digital infrastructure, positioning CEE as a dynamic player in the global digital economy. The startup ecosystem in CEE has flourished, producing globally recognized companies, and cities like Warsaw and Bucharest have become innovation hubs, supported by accelerators, venture capital, and government incentives. The region's tech-savvy workforce has also been instrumental in its digital evolution, and we saw countries like Poland, Czech Republic, Hungary, and Romania becoming IT outsourcing hubs, thanks to their skilled professionals in software development, data analytics, and cybersecurity. Infrastructure development, including the widespread adoption of high-speed internet and mobile networks, has further accelerated the digital transformation. Many countries in the region have achieved high penetration rates for mobile internet and are early adopters of 4G and 5G technologies. This has also created significant work for both IT and legal professionals specializing in this field. Personally, I believe this trend will continue, with countries in the CEE region maintaining their investments in digital transformation, as it impacts every industry and sector.

EU membership has played a pivotal role in shaping the digital landscape across many CEE countries. While fragmented national legislation in areas such as telecommunications, data protection, and ePrivacy has created significant workloads for TMT practices throughout the region, this fragmentation has often posed an economic disadvantage for most countries, as it complicates cross-border operations and compliance for businesses. However, the EU, as one of the most active regulators in the digital economy, has been working to develop overarching and standardized regulations in line with its *2020 Data Strategy*. This aims to ensure a coherent digital framework across member states, although these regulations can sometimes be cumbersome and impose requirements that may impact the competitiveness of companies operating within the EU.

In practice, EU-level regulations such as the *Digital Services Act*, *Data Governance Act*, *Data Act*, *AI Act*, and *DORA*, along with upcoming regulations in cybersecurity, including the *Cyber Resilience Act*, significantly streamline the work of lawyers specializing in digitalization and technology-related matters. These harmonized frameworks reduce legal complexity and facilitate more efficient cross-border operations, benefiting both businesses and legal practitioners. While differences at the level of Member States persist – for example, in the implementation (or, in many cases, the lack of implementation) of the *NIS2 Directive* – information security principles have increasingly become cross-border and unified, fostering greater consistency across the EU.

Therefore, my response to *CEE Legal Matters's* question ("What is your personal opinion about lawyering in CEE? Is it good, bad, or getting better?") is a resounding yes – it is definitely getting better and sought after.

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ACROSS THE WIRE: DEALS AND CASES

Date	Firms Involved	Deal/Litigation	Deal Value	Country
16-Oct	Allen Overy Shearman Sterling; Freshfields	Freshfields advised Mondi Group on its acquisition of the German, Benelux, and UK operations of Schumacher Packaging Group. A&O Shearman advised the Schumacher Group.	N/A	Austria
18-Oct	Dorda; Schoenherr	Dorda, working with Kirkland & Ellis, advised Verdane on its partnership with Austrian sports platform Eversports. Schoenherr advised Eversports.	N/A	Austria
18-Oct	Freshfields; White & Case; Wolf Theiss	Wolf Theiss, working with Freshfields Bruckhaus Deringer, advised Raiffeisen Bank International on its invitation to existing holders of its outstanding EUR 500 million subordinated callable fixed-to-fixed rate reset notes due March 2030 to tender their tier 2 notes for purchase by the company and its role as issuer of the EUR 500 million subordinated callable fixed-to-fixed rate reset notes due January 2035. White & Case reportedly advised the banking consortium involved.	EUR 500 million	Austria
24-Oct	Latham & Watkins; Mcdermott Will & Emery; Schoenherr	Schoenherr, working with McDermott Will & Emery and Latham & Watkins, advised Verdane on its partnership with Cropster. Sole practitioner Robert Benedikt reportedly advised Cropster.	N/A	Austria
24-Oct	CMS; Schneeweiss Weixelbaum	CMS advised the owners of Austrian data and AI service provider Paso Solutions on its sale to Dataciders. Schneeweiss Weixelbaum advised the buyer.	N/A	Austria
25-Oct	Eisenberger & Herzog; Schoenherr	Schoenherr advised ImWind on the sale of two wind farms and one solar park to Wien Energie. E+H advised Wien Energie.	N/A	Austria
31-Oct	Schindler Attorneys; Schoenherr	Schoenherr advised Aventario Group founder and sole owner Markus Kern on the sale of a majority stake in the company to Waldegg Equity Partners. Schindler advised the buyer.	N/A	Austria
08-Nov	Fellner Wratzfeld & Partner; Wolf Theiss	Wolf Theiss advised joint lead managers Deutsche Bank, Hypo Noe Landesbank fur Niederoesterreich and Wien, and Raiffeisen Bank International on the Federal State of Lower Austria's issuance of EUR 500 million sustainable 3.125% bearer bonds 2024-2036. Fellner Wratzfeld & Partner reportedly advised the Federal State of Lower Austria.	EUR 500 million	Austria
08-Nov	Brandl Talos; Wolf Theiss	Brandl Talos advised DirectSens on the sale of its LactoSens biosensor technology to Kerry Group. Wolf Theiss reportedly advised Kerry Group.	N/A	Austria
08-Nov	Wolf Theiss	Wolf Theiss advised Veroniki Holding on the sale of Propangas to Doppler Beteiligungs.	N/A	Austria
08-Nov	Schindler Attorneys; Schoenherr	Schoenherr advised Knight Capital on leading a EUR 10 million financing round for Vienna-based company iDWELL that also saw existing investors Flashpoint Venture and Wecken & Cie participate. Schindler reportedly advised iDWELL.	EUR 10 million	Austria
08-Nov	Brandl Talos; Bucher & Partner	Brandl Talos advised shareholders AWS Mittelstandsfonds and founder Walter Nadrag on the sale of a 60% stake in Sico Technology to the Wietersdorfer Group. Bucher & Partner reportedly advised Walter Nadrag as well.	N/A	Austria
12-Nov	DLA Piper; Wolf Theiss	Wolf Theiss advised joint lead managers and bookrunners Raiffeisen Bank International and M.M.Warburg & Co on the exchange offer of bonds issued by UBM Development in 2019 and 2021 and on the subsequent cash subscription offer of the EUR 93 million 7% green bond 2024-2029. DLA Piper advised UBM Development.	EUR 93 million	Austria
12-Nov	CMS; KPMG Legal	CMS advised 6 Degrees Capital and other investors on the EUR 5 million funding round for Nobilegroup. KPMG Law advised Nobilegroup.	EUR 5 million	Austria
01-Nov	Abreu Advogados; Chatham Partners; Clifford Chance; DWF; LPA-CGR Avocats; Madirazza & Partners; Schoenherr; Uria Menendez; White & Case	Schoenherr and Madirazza & Partners advised RP Global on Mirova's agreement to invest up to EUR 480 million in RP Global Energy. Clifford Chance reportedly advised RP Global as well. White & Case's Paris office reportedly advised Mirova. Spain-based Uria Menendez, Portugal-based Abreu Advogados, France-based LPA-CGR Avocats, Germany-based Chatham Partners, and the Italian office of DWF reportedly advised RP Global on the matter as well.	EUR 480 million	Austria; Croatia; Poland
16-Oct	Allen Overy Shearman Sterling; Dentons; Eisenberger & Herzog; Kinstellar	Dentons, working with E+H, advised a club of senior lenders, led by Tatra Banka as the global coordinator, on financing for Tatry Mountain Resorts consisting of a EUR 180 million senior facility and a EUR 110 million junior facility. Kinstellar advised J&T Banka as the junior lender. A&O Shearman advised Tatry Mountain Resorts.	EUR 290 million	Austria; Czech Republic; Poland; Slovakia
17-Oct	Schoenherr	Schoenherr advised Uniqa on the sale of a 75% share in the Russian life insurance company Raiffeisen Life to Russian insurer Renaissance Life.	N/A	Austria; Russia

Date	Firms Involved	Deal/Litigation	Deal Value	Country
17-Oct	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov advised the American University in Bulgaria on a campus development project aimed at "improving the student experience."	N/A	Bulgaria
07-Nov	CMS	CMS advised Solar Park Trakia on the licensing of the 50-megawatt Sinotovo photovoltaic project by the Bulgarian Energy and Water Regulatory Commission as well as on its financing from Postbank.	N/A	Bulgaria
17-Oct	Gospic Plazina Stojs; Karanovic & Partners (Ilej & Partners)	Ilej & Partners, in cooperation with Karanovic & Partners, advised TeraPlast Group on its acquisition of 70% of Optiplast from Danijel Drcic. Gospic Plazina Stojs reportedly advised the seller.	N/A	Croatia
28-Oct	Gugic, Kovacic & Krivic; Kovacevic Prpic Simeunovic; Tus & Grzic	Tus & Grzic advised mandatory pension funds management company PBZ Croatia Osiguranje on its participation in a EUR 28 million mandatory takeover bid for Cakovecki Mlinovi with Mlin i Pekare and Allianz ZB participating as other bidders. Kovacevic Prpic Simeunovic advised Mlin i Pekare and its affiliate Plodinec. Gugic Kovacic Krivic advised Allianz ZB.	EUR 28 million	Croatia
14-Nov	Savoric & Partners	Savoric & Partners advised Jadran Hoteli on its partnership with Accor.	N/A	Croatia
14-Nov	Schoenherr	Schoenherr advised Pan-Pek on securing a EUR 20 million long-term loan from Privredna Banka Zagreb, part of the Intesa Sanpaolo Group, in cooperation with the European Bank for Reconstruction and Development.	EUR 20 million	Croatia
25-Oct	NSTLaw	Stankovic & Partners advised SuperPadel Alliance on a partnership agreement with the Croatian Padel Federation and the Diagonal Padel Pro Academy in Madrid.	N/A	Croatia; Serbia
17-Oct	Gleiss Lutz; Schoenherr; Taylor Wessing	Taylor Wessing advised US-based Vintech Industries on its acquisition of parts of Rehau Automotive's operations including its site in Jevicko, Moravia. Schoenherr and Gleiss Lutz reportedly advised Rehau Automotive.	N/A	Czech Republic
17-Oct	JSK; Solid Legal	JSK advised PRE Group on its acquisition of SolidSun Group. Solid Legal reportedly advised the SolidSun Group.	N/A	Czech Republic
17-Oct	BPV Braun Partners; Watson Farley & Williams	BPV Braun Partners, working with Watson Farley & Williams, advised the Creditas Assets investment fund on the sale of UK energy company Green Bess Developments.	N/A	Czech Republic
18-Oct	Clifford Chance	Clifford Chance advised Ceskoslovenska Obchodni Banka on the financing of OAMP Infrastructure and OAMP Distribution.	N/A	Czech Republic
18-Oct	Kocian Solc Balastik	Kocian Solc Balastik advised Green Gas DPB on a set of long-term contracts for the supply and off-take of coal mine methane.	N/A	Czech Republic
24-Oct	Kinstellar; Prochazka & Co	Kinstellar advised Wienerberger on its acquisition of Betonarna Lesonice. Prochazka & Co reportedly advised the seller.	N/A	Czech Republic
25-Oct	Allen Overy Shearman Sterling; Havel & Partners	A&O Shearman advised sole global coordinator, settlement agent, and joint bookrunner Wood & Company Financial Services and joint bookrunner Erste Group Bank on the placement of newly issued shares of Colt CZ Group SE through an accelerated book-building process targeted at selected investors. Havel & Partners advised Colt.	CZK 2.24 billion	Czech Republic
04-Nov	Allen Overy Shearman Sterling; Veronique Marot & Co Solicitors	A&O Shearman advised Reinsberg Group on its acquisition of a majority stake in Brandon Medical. Veronique Marot & Co Solicitors reportedly advised Brandon Medical.	N/A	Czech Republic
12-Nov	Eversheds Sutherland; Urban & Hejduk	Eversheds Sutherland advised E. Hofmann Plastics on its acquisition of PAP Packaging from Manfreplast in Liquidazione. Urban & Hejduk advised the sellers.	N/A	Czech Republic
14-Nov	AK Felix; Clifford Chance	Clifford Chance advised BPD Development on the sale of its development land in Prague to Daramis. AK Felix reportedly advised Daramis.	N/A	Czech Republic
30-Oct	Kocian Solc Balastik; ODI Law	Kocian Solc Balastik, working with ODI Law, advised Energo-Pro Group on the sale of Litostroj Group to Wikov Industry.	N/A	Czech Republic; Slovenia
24-Oct	Ellex (Raidla)	Ellex advised Infotark on reacquiring 14% of its shares from Finnish shareholders.	N/A	Estonia
01-Nov	Ellex (Raidla)	Ellex advised Infortar on its acquisition of Tallinn Book Printers.	N/A	Estonia
08-Nov	TGS Baltic	TGS Baltic advised the Estonian Actors Union on drafting and negotiating a good practice agreement.	N/A	Estonia
08-Nov	Triniti	Triniti advised Mainor Ulemiste on its acquisition of the Technopolis Ulemiste campus in Tallinn, Estonia.	N/A	Estonia
08-Nov	TGS Baltic	TGS Baltic advised the metal band Horror Dance Squad on finalizing the recording and publishing contracts with the Swedish record label Icons Creating Evil Art.	N/A	Estonia
08-Nov	Cobalt; Cooley; Ellex (Raidla); Latham & Watkins	Cobalt, working with Cooley, advised Printify on its merger with Printful. Ellex, working with Latham & Watkins, advised Printful.	N/A	Estonia; Latvia
14-Nov	CMS; Ellex (Raidla); Rymarz Zdort Maruta	Rymarz Zdort Maruta advised EWE on the sale of EWE Polska and its group companies EWE Przesyl and EWE Energia to Eesti Gaas for a total value of EUR 120 million. CMS and Ellex advised Eesti Gaas.	EUR 120 million	Estonia; Poland
17-Oct	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised ICBC Group and Aviation Capital Group on the sale, transfer, and lease novation of two Airbus A321NEO aircraft under lease to Greek airline Aegean Airlines, from ICBC to ACG.	N/A	Greece
18-Oct	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised Aviation Capital Group and Castlelake on the sale, transfer, and lease novation of one Airbus A320-214 aircraft under lease to Greek airline Sky Express, from ACG to Castlelake.	N/A	Greece
24-Oct	Koutalidis; Milbank	Koutalidis, working with Milbank, advised the underwriters on the EUR 200 million share capital increase of Cenergy Holdings.	EUR 200 million	Greece

Date	Firms Involved	Deal/Litigation	Deal Value	Country
25-Oct	Karatzas & Partners; Potamitis Vekris	Karatzas & Partners advised General Logistics Systems on its acquisition of a 20% stake in ACS Courier and Postal Services from Quest Holdings for EUR 74 million. As part of the transaction, GLS also secured a call option to acquire the remaining 80% of ACS's share capital within the next two years for a consideration of EUR 296 million. Potamitis Vekris advised Quest Holdings.	EUR 74 million	Greece
01-Nov	Grant Thornton; Lambadarios Law Firm; Potamitis Vekris	Lambadarios, working with Grant Thornton, advised Quest Holdings on its EUR 27.2 million acquisition of a 70% stake in Benrubi. Potamitis Vekris reportedly advised the sellers.	EUR 27.2 million	Greece
05-Nov	Karatzas & Partners; Your Legal Partners	Your Legal Partners advised on the Public-Private Partnership project titled "Design, Construction, Financing, Maintenance and Operation of Seventeen School Units in the Region of Central Macedonia" to be undertaken by ATESE and Metlen Energy & Metals. Karatzas and Partners advised Piraeus Bank as the lender on the project.	EUR 137.6 million	Greece
07-Nov	Papapolitis & Papapolitis	Papapolitis & Papapolitis advised Intrakat on the acquisition of a EUR 600 million real estate portfolio from Prodea Investments.	EUR 600 million	Greece
07-Nov	KLC; Latham & Watkins; Papapolitis & Papapolitis; White & Case; Zepos & Yannopoulos	Papapolitis & Papapolitis, working with White & Case, advised Germany-based investment holding Armira and Viessmann Generations Group on the acquisition of a minority stake in Pharos Generics Holding from Diorama Investments, Limonilum, Amarilenco, and Hesperiada. KLC advised Pharos Generics Holding as well as Limonilum, Amarilenco, and Hesperiada. Zepos & Yannopoulos advised Diorama Investments. Latham & Watkins was reportedly the sellers' international counsel.	N/A	Greece
08-Nov	Bernitsas	Bernitsas advised the joint global coordinators, joint physical bookrunners, and joint bookrunners on Public Power Corporation's EUR 600 million issuance and offering of 4.625% senior notes due 2031 and listing the notes on the Global Exchange Market of Euronext Dublin.	EUR 600 million	Greece
08-Nov	Koutalidis	Koutalidis advised Alpha Bank on the financing of a EUR 806 million secured bond loan issued by Athens International Airport.	EUR 806 million	Greece
08-Nov	Lambadarios Law Firm; PwC Legal	Lambadarios advised PPC on the acquisition of 66.6 megawatts of operational RES assets, a 1.7 gigawatt pipeline under development, and a 20% stake in the combined-cycle gas turbine unit in Alexandroupolis from the Copelouzos and Samaras groups. PwC Legal reportedly advised Copelouzos and Samaras.	N/A	Greece
22-Oct	Bech Bruun; Wolf Theiss	Wolf Theiss advised XPartners Samhallsbyggnad on its acquisition of Aqvila and its Hungarian subsidiary Aqvila Consult Hungary. Bech-Bruun advised the sellers.	N/A	Hungary
29-Oct	CMS; Hogan Lovells	CMS advised Werfen on its approximately USD 25 million acquisition of Omixon Biocomputing. Hogan Lovells advised Omixon.	USD 25 million	Hungary
31-Oct	Oppenheim	Oppenheim advised Romania's MedLife Group affiliate Genesys Medical Clinic on the acquisition of Budapest-based VP-Med Health Centre from Attila Szabo and Olga Szegvari.	N/A	Hungary; Romania
16-Oct	TGS Baltic	TGS Baltic advised Duck Republik on the acquisition of the Duck Slokas real estate development company. Sole practitioner Aleksejs Petrovs advised the sellers.	N/A	Latvia
17-Oct	TGS Baltic	TGS Baltic successfully represented Estonian fishing company Porgukass in a dispute concerning compensation for damaged fishing equipment.	N/A	Latvia
05-Nov	Cobalt	Cobalt advised Consolis Latvia on a partnership agreement with the Nordex Group.	N/A	Latvia
14-Nov	Ellex (Raidla); TGS Baltic	TGS Baltic advised one of the founders and sole board member of Altero Group Arturs Kostins on his exit and management handover to OM Teenused. Ellex reportedly advised OM Teenused.	N/A	Latvia
14-Nov	Bowmans; Ellex (Klavins)	Ellex advised Capitec on its acquisition of AvaFin. Bowmans reportedly advised the buyers as well.	N/A	Latvia
16-Oct	Walless	Walless advised I Asset Management on the European Investment Fund's EUR 50 million investment into the CEE Student Housing Fund, increasing the fund's capacity to EUR 112 million.	N/A	Lithuania
16-Oct	Cobalt	Cobalt advised Sugihara House Museum on setting up the Tangible Capital Fund.	N/A	Lithuania
22-Oct	TGS Baltic; Walless	Walless advised Biomapas on a partnership with Carbyne Equity Partners. TGS Baltic advised Carbyne Equity Partners.	N/A	Lithuania
24-Oct	Cobalt	Cobalt advised the Devbridge Foundation on the completion and transfer of the Kaunas Sobor lighting project to the Kaunas City Municipality.	N/A	Lithuania
28-Oct	Ellex (Valiunas); Taylor Wessing	Ellex and Taylor Wessing advised Vinted on a EUR 340 million secondary sale of shares to new investors, raising the company's valuation to EUR 5 billion.	EUR 340 million	Lithuania
30-Oct	Dentons; Linklaters; Sorainen; TGS Baltic	Dentons, reportedly working with TGS Baltic, advised Siauliu Bankas on its EUR 50 million issuance of additional tier 1 notes with Goldman Sachs Bank Europe as the sole lead manager. Linklaters and Sorainen reportedly advised Goldman Sachs.	EUR 50 million	Lithuania
30-Oct	Cobalt	Cobalt advised the 15min group on its placement of a EUR 16 million bond issue.	EUR 16 million	Lithuania
31-Oct	Ellex (Valiunas)	Ellex advised the shareholder of UAB Umaras on the sale of the company to an unidentified Finnish company.	N/A	Lithuania
08-Nov	TGS Baltic	TGS Baltic advised InMedica Group on its acquisition of Druskininkai Pusynas Rehabilitation Clinic in Lithuania from Vytautas Dambrava.	N/A	Lithuania
08-Nov	Fort	Fort advised Bondora on entering the Lithuanian consumer credit market.	N/A	Lithuania
14-Nov	TGS Baltic	TGS Baltic advised Pro Bro Group on its EUR 2 million bond issuance with Siauliu Bankas as the distributor.	EUR 2 million	Lithuania
14-Nov	TGS Baltic; Walless	Walless advised Iki Lietuva on its full acquisition of LastMile from UAB Startcap. TGS Baltic reportedly advised Startcap.	N/A	Lithuania

Date	Firms Involved	Deal/Litigation	Deal Value	Country
08-Nov	JPM & Partners	JPM Partners successfully represented the Montenegrin Agency for Audiovisual Media Services in an administrative dispute initiated by the Serbia-based Pink Media Group.	N/A	Montenegro
17-Oct	Clifford Chance; DLA Piper	Clifford Chance advised dealers Bank Pekao, mBank, and Santander Bank Polska on Polenergia's PLN 750 million issue of green bonds. DLA Piper Advised Polenergia.	PLN 750 million	Poland
17-Oct	SRC	SRC Law advised Cromwell Property Group on an approximately 7,000-square-meter lease agreement extension with BNP Paribas in the Avatar office building in Krakow.	N/A	Poland
17-Oct	Allen Overy Shearman Sterling; Clifford Chance	A&O Shearman advised Bank Millennium on its issuance of EUR 500 million 5.308% green senior non-preferred callable fixed to floating interest rate notes due 2029. Clifford Chance advised joint lead managers BNP Paribas, Erste, Millennium BCP, Morgan Stanley, and UniCredit.	EUR 500 million	Poland
17-Oct	Legal Kraft	Legal Kraft advised Vastint Poland on leasing 6,000 square meters of office space in the B10 office and hotel building in Business Garden Wroclaw to Kruk.	N/A	Poland
17-Oct	Wolf Theiss	Wolf Theiss advised Stage Capital on the sale of the Galardia shopping center in Poland to Future Estate.	N/A	Poland
17-Oct	B2Rlaw; Destrier	B2RLaw advised Kodano on a PLN 40 million investment from the Vinci Da Gama ASI fund. Destrier advised Vinci.	PLN 40 million	Poland
17-Oct	Domanski Zakrzewski Palinka; Wolf Theiss	Wolf Theiss advised Rewe Digital on a joint venture with Amb Software to establish an IT center in Zielona Gora, Poland. DZP advised Amb Software.	N/A	Poland
18-Oct	Schoenherr	Schoenherr advised IndieBI on raising equity capital through two investment rounds which included undisclosed industry investors.	N/A	Poland
18-Oct	Cytowski & Partners; Gunderson Dettmer; Kondracki Celej	Cytowski & Partners advised Gdansk-based Vidoc Security Labs on its USD 2.4 million seed financing round with Palo Alto-based Pebblebed. Kondracki Celej, working with Gunderson Dettmer, advised Pebblebed.	USD 2.4 million	Poland
18-Oct	Allen Overy Shearman Sterling; Baker McKenzie; Elvinger Hoss Prussen; Freshfields; Greenberg Traurig; K&L Gates; SSW Pragmatic Solutions	SSW, working with K&L Gates Volckrick Luxembourg, advised a group of minority shareholders of Zabka Group on issues related to the public offering of Zabka. Greenberg Traurig and, reportedly, Freshfields Bruckhaus Deringer, and Elvinger Hoss Prussen advised the shareholders of Zabka as well. Baker McKenzie and Allen Overy Shearman Sterling advised the managers.	N/A	Poland
18-Oct	CK Legal	CK Legal Chabasiewicz Kowalska advised Kruk on obtaining approval from the Polish Financial Supervision Authority for its 11th bond issuance program.	PLN 900 million	Poland
22-Oct	SSK&W	SSK&W advised Unfold VC on increasing its stake in AgronetPro and buying out one of the company's founders.	N/A	Poland
22-Oct	Greenberg Traurig; Walker Morris	Greenberg Traurig advised InPost Group on its GBP 60.4 million acquisition of the remaining 70% of Menzies Distribution Group, giving it full control over Menzies' Express and Newstrade operations. Walker Morris reportedly advised the sellers.	GBP 60.4 million	Poland
22-Oct	Gide Loyrette Nouel	Gide advised Redkom Development on its sale of Ozimska Park Opole to Newgate Investment.	N/A	Poland
22-Oct	Allen Overy Shearman Sterling; Eversheds Sutherland; Schoenherr	Schoenherr advised Sunrise Real Estate and Ares Management on a refinancing deal with Blackstone and Apollo Global Management for a European logistics portfolio valued at approximately EUR 1.5 billion. Eversheds Sutherland advised the lenders. A&O Shearman reportedly advised Sunrise Real Estate and Ares Management as well.	EUR 1.5 billion	Poland
23-Oct	Allen Overy Shearman Sterling; SKJB Szybkowski Kuzma Jelen Brzoza-Ostrowska	SKJB Szybkowski Kuzma Jelen Brzoza-Ostrowska advised a joint venture of Marvipol Development and Panattoni on the sale of a logistics complex in Warsaw. A&O Shearman advised the purchasers.	EUR 53.5 million	Poland
24-Oct	Cytowski & Partners; Pillsbury Winthrop Shaw Pittman	Cytowski & Partners advised Open Ocean on the USD 8.2 million series A financing round of Authologic that also saw the participation of the Y Combinator, SMOK Ventures, and Peak Capital. Pillsbury Winthrop Shaw Pittman reportedly advised Authologic.	USD 8.2 million	Poland
24-Oct	CK Legal	CK Legal Chabasiewicz Kowalska advised on Kruk's series AP1 bonds issuance with a total nominal value of PLN 75 million with a 82.73% subscription reduction.	PLN 75 million	Poland
24-Oct	Konieczny Wierzbicki	KWKR successfully represented Van der Vorm Vastgoed before the Supreme Administrative Court of Poland regarding inconsistent tax rates.	N/A	Poland
24-Oct	Jasinski	Jasinski advised Falcon V Systems on its sale to Vecima Networks.	N/A	Poland
25-Oct	DWF	DWF Poland advised Transition Technologies Managed Services on obtaining prospectus approval for its planned listing on the Warsaw Stock Exchange.	N/A	Poland
28-Oct	Jasinski	Jasinski advised Barbara Luijckx on the expansion of its headquarters.	N/A	Poland
29-Oct	Linklaters	Linklaters advised Resi4Rent on the acquisition of a plot of land at 127 Kilinskiego Street in Lodz.	N/A	Poland
29-Oct	DWF	DWF Poland successfully represented Mostostal Warszawa in a commercial dispute against one of its contractors.	N/A	Poland
30-Oct	DWF	DWF advised Worldline on the acquisition of the remaining 45% of shares in SoftPos from minority shareholders leaving Worldline as the sole shareholder.	N/A	Poland
30-Oct	White & Case	White & Case advised PKO Bank Hipoteczny on its PLN 500 million issuance of mortgage covered bonds due October 24, 2028.	PLN 500 million	Poland

Date	Firms Involved	Deal/Litigation	Deal Value	Country
31-Oct	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised the bankruptcy trustee of Getin Noble Bank and Idea Bank on the sale of a total holding of approximately 86.83% of the shares in Noble Funds TFI fund management company to VeloBank.	N/A	Poland
31-Oct	White & Case	White & Case advised Powszechna Kasa Oszczednosci Bank Polski as the issuer on a PLN 1.5 billion (approximately EUR 350 million) subordinated capital bonds issuance.	PLN 1.5 billion	Poland
31-Oct	CMS	CMS advised The Boeing Company on an offset agreement with the Ministry of National Defence of Poland.	N/A	Poland
01-Nov	Baker McKenzie; Greenberg Traurig	Greenberg Traurig advised two shareholders of Elektromontaz-Poznan – Pawel Gricuk and Artur Cakala – on the sale of their shares to Spie Group. Baker McKenzie advised Spie Group.	N/A	Poland
01-Nov	Dentons; Rymarz Zdort Maruta	Dentons advised Cavare on the sale of the Ostrobramska Project in Warsaw to LifeSpot. Rymarz Zdort Maruta advised LifeSpot.	N/A	Poland
01-Nov	Clifford Chance	Clifford Chance advised Santander and Citi as the initial purchasers on the debut EUR 300 million green bond issuance of MLP Group.	EUR 300 million	Poland
01-Nov	DLA Piper; White & Case	White & Case advised a consortium of 16 Polish and international banks on a revolving credit facility of up to EUR 2 billion for Orlen. DLA Piper reportedly advised Orlen.	EUR 2 billion	Poland
07-Nov	Clifford Chance	Clifford Chance advised Airbus Defence and Space on a lease agreement for three UHF TACSAT satellite channels on a communications satellite with Polish Cyber Defence Forces.	N/A	Poland
08-Nov	Deloitte Legal; Linklaters; Taylor Wessing	Linklaters advised Tauron Polska Energia on obtaining financing through two credit agreements with a total value of PLN 2.9 billion with BGK, PKO Bank Polski, and ICBC. Taylor Wessing advised PKO Bank Polski and ICBC. Deloitte Legal reportedly advised BGK.	PLN 2.9 billion	Poland
08-Nov	CMS	CMS advised Axpo Polska on the acquisition of a biogas plant producing green energy primarily from agricultural waste.	N/A	Poland
08-Nov	Kondracki Celej; Latham & Watkins	Kondracki Celej advised vLayer Labs on its USD 10 million pre-seed round with the participation of a16z crypto CSX, Credo Ventures, Blocktower VC, and others. Latham & Watkins reportedly advised a16z.	USD 10 million	Poland
08-Nov	Eversheds Sutherland	Eversheds Sutherland advised Quad/Graphics on the sale of its European operations to Capmont.	N/A	Poland
08-Nov	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised the bankruptcy trustee of Getin Noble Bank on the sale of Noble Securities to Skarbiec Holding.	N/A	Poland
12-Nov	CK Legal	CK Legal Chabasiewicz Kowalska advised PragmaGO on its EUR 5 million D1EUR bonds issuance with a 30.13% subscription reduction.	EUR 5 million	Poland
12-Nov	WKB Wiercinski Kwiecinski Baehr	WKB advised the InPost Group on a power purchase agreement with Polenergia.	N/A	Poland
12-Nov	Clyde & Co; Schoenherr	Schoenherr advised Electrum Concreo on up to PLN 400 million financing via bilateral multi-product lines and a refinancing facility from PKO Bank Polski, mBank, Bank Gospodarstwa Krajowego, Credit Agricole Bank Polska, and Santander Bank Polska. Clyde & Co advised the banks.	PLN 400 million	Poland
14-Nov	Balicki Czekanski Gryglewski Lewczuk; Dotlaw; Nowakowska Muzal; WBW Weremczuk, Bobel & Wspolnicy	BCGL and Dotlaw advised Symfonia on its acquisition of Nefeni. WBW Weremczuk Bobel and Partners advised the sellers. Nowakowska Muzal reportedly advised Symfonia as well.	N/A	Poland
14-Nov	Kondracki Celej; Wolf Theiss	Kondracki Celej advised FibriTech on an investment from the European Innovation Council and SMEs Executive Agency fund. Wolf Theiss reportedly advised EIC.	N/A	Poland
14-Nov	Allen Overy Shearman Sterling	Allen & Overy Shearman & Sterling advised the Republic of Poland on its issuance of EUR 3 billion in dual-tranche notes.	EUR 3 billion	Poland
14-Nov	CMS; Rymarz Zdort Maruta	Rymarz Zdort Maruta advised Mutares on the acquisition of Natura from Pelion. CMS advised Pelion on the deal.	N/A	Poland
15-Nov	Baker McKenzie; Deloitte Legal; Dubinski Jelenski Masiarz and Partners	Deloitte Legal advised Bank Pekao on financing to an MCI Capital portfolio company for the acquisition of a 55% stake in NTFY - Nice To Fit You. Baker McKenzie advised the founders of Nice to Fit You Sebastian Rabiej and Radoslaw Jezak. Dubinski Jelenski Masiarz i Wspolnicy reportedly advised MCI Capital.	N/A	Poland
17-Oct	Anderson Mori & Tomotsune; Filip & Company	Filip & Company, working with Anderson Mori & Tomotsune, advised the Ministry of Public Finance of Romania on its Samurai green bond issuance on the Japanese capital market, totaling JPY 33 billion.	JPY 33 billion	Romania
17-Oct	Allen Overy Shearman Sterling; Filip & Company; RTPR	RTPR, working with A&O Shearman, advised Wolt on its acquisition of fast delivery platform Tazz from eMAG Group. Filip & Company advised eMAG.	N/A	Romania
18-Oct	Clifford Chance; Zamfirescu Racoti Vasile & Partners	Zamfirescu Racoti Vasile & Partners and Clifford Chance successfully represented Premier Energy in a first-instance court dispute against Azomures over a natural gas supply contract.	RON 27.5 million	Romania
18-Oct	Deloitte Legal (Reff & Associates)	Deloitte Legal-affiliated firm Reff & Associates advised investment fund Sarmis Capital on the acquisition of a majority stake in paper producer MG-Tec Industry.	N/A	Romania
18-Oct	Schoenherr	Schoenherr, working with sole practitioner Mihaela Aliman, advised Renovatio on the sale of renewable energy production assets with a capacity of approximately 18 megawatts to OMV Petrom.	N/A	Romania

Date	Firms Involved	Deal/Litigation	Deal Value	Country
24-Oct	Nestor Nestor Diculescu Kingston Petersen; ONV Law	ONV LAW advised Aveuro International on the acquisition of Bluehouse Investitii for approximately EUR 8 million. NNDKP advised the sellers.	EUR 8 million	Romania
24-Oct	Filip & Company; Filip & Company	Filip & Company assisted the investment fund Agista on the sale of its entire stake in Dendrio Solutions to Bittnet Systems and the acquisition of a new stake in the cybersecurity company Fort, listed on the AeRO market.	N/A	Romania
30-Oct	Schoenherr	Schoenherr advised Trans-Oil Group on the acquisition of Frial Terminal located in the Port of Constanta, Romania.	N/A	Romania
31-Oct	Filip & Company	Filip & Company advised Teilor Holding on its corporate bond issuance that raised RON 22 million from investors on the Bucharest Stock Exchange.	RON 22 million	Romania
01-Nov	Stratulat Albulescu	Stratulat Albulescu advised Express Euroscan on the acquisition of Denis Spedition SRL and Denis Spedition GMBH.	N/A	Romania
05-Nov	EY Legal (Bancila, Diaconu si Asociatii); Stratulat Albulescu	Stratulat Albulescu advised Prime Label and Innova Capital on Prime Label's acquisition of Grafoprint. EY Law Romanian affiliate Bancila Diaconu si Asociatii advised the sellers.	N/A	Romania
07-Nov	Allen Overy Shearman Sterling; DLA Piper; RTPR	DLA Piper advised Axel Johnson on its acquisition of La Fantana from Oresa and CEO Cristian Amza. RTPR, working with A&O Shearman, advised the sellers.	N/A	Romania
08-Nov	Popescu & Asociatii	Popescu & Asociatii successfully defended PNL Timis members Cosmin Sandru and Nicolae Bitea before the High Court of Cassation and Justice of Romania against corruption charges.	N/A	Romania
08-Nov	Kinstellar; Pedersoligattai	Kinstellar advised Ardian on its acquisition of a majority interest in Vista Vision. PedersoliGattai reportedly advised Vista Vision.	N/A	Romania
17-Oct	Deloitte Legal; Deloitte Legal (Reff & Associates)	Deloitte Legal Romanian affiliate Reff & Associates advised Blik Romania on obtaining authorization for the Blik Romania payment system from the National Bank of Romania. Deloitte Legal Poland reportedly advised on the matter as well.	N/A	Romania; Poland
18-Oct	Akin Gump; CMS; Gecic Law; Norton Rose Fulbright	CMS, working with Norton Rose Fulbright, advised UGT Renewables on a partnership agreement with Serbia's state-owned power utility Elektroprivreda Srbije and the Ministry of Mining and Energy for the development and construction of new solar power plants and battery storage facilities in Serbia. Akin Gump reportedly advised the Government of the Republic of Serbia.	N/A	Serbia
25-Oct	Lazarevic & Prsic; Wolf Theiss	Wolf Theiss advised GreyLion Partners on its equity investment in Birdseye Security Solutions. Lazarevic & Prsic advised Birdseye Security Solutions.	N/A	Serbia
01-Nov	Clifford Chance; CMS; Gecic Law; Karanovic & Partners; King & Spalding	King & Spalding and CMS advised the syndicate of joint lead managers on Telekom Srbija Beograd's USD 900 million senior notes offering. Gecic Law, working with Clifford Chance, advised Telekom Srbija. Karanovic & Partners advised the joint lead managers on the legal framework guiding derivative transactions with corporates in Serbia.	USD 900 million	Serbia
12-Nov	Harrisons	Harrisons advised the EBRD on a EUR 5 million loan to NLB Komercijalna Banka under the SME Go Green program.	EUR 5 million	Serbia
12-Nov	Schoenherr	Moravcevic Vojnovic and Partners in cooperation with Schoenherr advised InPharm Co on its acquisition of Casa Spadijer Bioclinica.	N/A	Serbia
12-Nov	CWB	CWB successfully represented the interests of Renault and its Romanian subsidiary Dacia before the Serbian Supreme Court.	N/A	Serbia
17-Oct	Karanovic & Partners (Ketler & Partners); Lah, Jambrovic & Partners; Podjed, Kahne & Partners	Ketler & Partners, member of Karanovic, advised Gunnebo Safe Storage on its acquisition of the Primat Group. Lah, Jambrovic & Partners and Podjed, Kahne & Partners advised the sellers.	N/A	Slovenia
17-Oct	Moral Kinikoglu Pamukkale; Prokon; Turunc	Turunc advised Groupe Atlantic on obtaining approval from the Turkish Competition Board for its acquisition of a 50% stake in Eneko Havalandirma. Moral advised Eneko Havalandirma on the sale. Prokon reportedly advised Groupe Atlantic as well.	N/A	Turkiye
18-Oct	Turunc; Ulgen	Turunc advised Bogazici Ventures on its follow-on investment in Fiber Games in a round that also saw Arz Portfoy invest. Ulgen advised Fiber Games.	N/A	Turkiye
22-Oct	Paksoy	Paksoy advised Roenesans Holding on its USD 350 million notes issuance of fixed-rate senior guaranteed sustainable notes due 2029.	USD 350 million	Turkiye
24-Oct	BTS & Partners; Keco Legal	Keco Legal advised Param on its acquisition of Nebim Yazilim from individual shareholders including members of the Sisa, Demiroglu, and Godek families. BTS Legal reportedly advised the sellers.	N/A	Turkiye
25-Oct	Freshfields; Paksoy	Paksoy, working with Freshfields, advised the Abu Dhabi sovereign wealth fund ADQ on its acquisition of a 96% stake in Odea Bank from Bank Audi, EBRD, IFC, and other shareholders.	N/A	Turkiye
28-Oct	Clifford Chance	Clifford Chance advised the joint bookrunners on Industrial Development Bank of Turkey's USD 350 million Rule 144A/Reg S issuance of 7.125% senior notes due 2029.	USD 350 million	Turkiye
30-Oct	White & Case (GKC Partners)	White & Case's Turkish affiliate GKC Partners advised the IFC on its subscription of QNB Turkiye's blue and green bond issuances.	N/A	Turkiye
30-Oct	Paksoy	Paksoy advised on the USD 750 million inaugural sukuk issuance of the Turkiye Wealth Fund.	USD 750 million	Turkiye

Date	Firms Involved	Deal/Litigation	Deal Value	Country
30-Oct	Ashurst; Paksoy	Paksoy, working with Ashurst, advised Samsung C&T, Korea Overseas Infrastructure & Urban Development Corporation, and KDB Infrastructure Investments Asset Management on the financial closing of the Nakkas-Basaksehir section of the Northern Marmara Highway Project.	EUR 1.43 billion	Turkiye
01-Nov	Baker McKenzie; White & Case; White & Case (GKC Partners)	Baker McKenzie advised Emirates NBD Bank, Goldman Sachs International, HSBC Bank J.P. Morgan Securities, and Merrill Lynch International as joint bookrunners on Zorlu Enerji's USD 800 million debut Rule 144A/Reg S senior guaranteed sustainability-linked notes issuance. White & Case and its Turkish affiliate GKC Partners advised Zorly Enerji.	USD 800 million	Turkiye
04-Nov	Clifford Chance	Clifford Chance advised the EBRD on a USD 200 million loan to A101 Yeni Magazacilik for supporting environmental and social sustainability initiatives.	USD 200 million	Turkiye
07-Nov	Clifford Chance; Ergun Law Firm; Lexist Law Firm; Verdi Law Firm; Watson Farley & Williams; White & Case	Ergun, working with White & Case, advised J.P. Morgan on ICA's issuance of USD 405 million 7.536% secured amortizing notes which will be used to finance the completion of the build-operate-transfer model Sariyer-Kilyos Tunnel which is part of the Third Bridge project in Turkiye. Lexist, working with Watson Farley & Williams, advised ICA. Verdi Law Firm, working with Clifford Chance, reportedly advised the existing lenders.	USD 405 million	Turkiye
07-Nov	Allen & Overy (Gedik Eraksoy); Allen Overy Shearman Sterling; White & Case (GKC Partners)	White & Case Turkish affiliate GKC Partners advised Borusan EnBW Enerji on a USD 120 million facility extended by Akbank, the European Bank for Reconstruction and Development, Turkiye Is Bankasi, and Turkiye Sinai Kalkinma Bankasi. A&O Shearman and its Turkish affiliate law firm Gedik & Eraksoy advised the banks	USD 120 million	Turkiye
08-Nov	Moral Kinikoglu Pamukkale; Paksoy	Paksoy advised Turkven on the acquisition of Medianova.	N/A	Turkiye
08-Nov	Clifford Chance; Kinstellar; White & Case; White & Case (GKC Partners)	White & Case and its Turkish affiliate GKC Partners advised Ronesans Holding's subsidiary Renell Kokshetau on the financing of a EUR 456 million public-private partnership healthcare project for the construction and operation of a hospital in Kazakhstan. Clifford Chance reportedly advised the financing institutions.	EUR 456 million	Turkiye
08-Nov	Ashurst; Gen Temizer Erdogan Girgin Avukatlik Ortakligi; Kolcuoglu Demirkan Kocakli	Kolcuoglu Demirkan Kocakli advised Vitol and its Turkish subsidiary Petrol Ofisi on the acquisition of BP's Turkish downstream fuel operations. Gen Temizer, working with Ashurst, advised BP.	N/A	Turkiye
08-Nov	CCAO; Kolcuoglu Demirkan Kocakli; White & Case (GKC Partners)	CCAO advised Akbank on its financing of the acquisition of Karbonsan by investors advised by Turkven. Kolcuoglu Demirkan Kocakli advised Turkven. White & Case's affiliate law firm GKC Partners advised Kanga Limited.	N/A	Turkiye
08-Nov	Clifford Chance; Clifford Chance (Ciftci Attorney Partnership); White & Case; White & Case (GKC Partners)	White & Case Turkish affiliate GKC Partners advised Enerjisa Uretim on up to USD 1.012 billion in financing from a syndicate of lenders including Akbank, DEG, U.S. International Development Finance Corporation, HSBC, J.P. Morgan, KfW IPEX-Bank, and Proparco for the development and construction of 750-megawatt wind energy power plants in the Aegean region of Turkiye. Clifford Chance and its Turkish affiliate law firm Ciftci Attorney Partnership reportedly advised the banks.	USD 1.012 billion	Turkiye
24-Oct	Vasil Kisil & Partners	Vasil Kisil & Partners advised MacPaw Group on restructuring its corporate group.	N/A	Ukraine
25-Oct	Avellum; Sayenko Kharenko	Avellum advised the Ministry of Finance of Ukraine on a CAD 400 million concessional loan from Canada. Sayenko Kharenko advised Canada on the loan.	CAD 400 million	Ukraine
25-Oct	Sayenko Kharenko	Sayenko Kharenko advised Getin Holding on the sale of JSC Idea Bank to TAS Group.	N/A	Ukraine
30-Oct	Kinstellar	Kinstellar advised Orbico Group on its acquisition of a controlling stake in SAV 92 from Asnova Holding.	N/A	Ukraine
01-Nov	Sayenko Kharenko	Sayenko Kharenko advised the European Bank for Reconstruction and Development on a EUR 35 million finance package to the city of Kharkiv to help tackle the impact of the ongoing war.	EUR 35 million	Ukraine
07-Nov	KPD Consulting	KPD Consulting successfully represented Ekoferma Yaros Agro in a dispute against Soufflet Agro Ukraine, a subsidiary of The Soufflet Group.	UAH 8 million	Ukraine
14-Nov	Avellum	Avellum advised the Ukraine-Moldova American Enterprise Fund on launching its USD 50 million direct investment program.	USD 50 million	Ukraine
14-Nov	KPD Consulting	KPD Consulting advised VD Group on its acquisition of the LvivTech.City project from UFuture Holding.	N/A	Ukraine

Deals and Cases

- Full information available at:
www.ceelegalmatters.com
- Period covered:
October 16, 2024 - November 15, 2024

Did We Miss Something?

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Belgium: Wolf Theiss Opens Office in Brussels

Wolf Theiss has opened a new office in Brussels under the joint leadership of Partners Anca Jurcovan, Guenter Bauer, Robert Wagner, and Stefan Wartinger.

According to Wolf Theiss, the goal behind setting up this new office is to enhance its ability to connect clients directly to the "core of EU operations while supporting partner firms in navigating regulatory matters across the CEE/SEE region." Moreover, the firm believes that the new office will allow it to "offer enhanced advice on competition law, mergers, FDI, state aid and compliance."

Jurcovan has been with Wolf Theiss since 2020 when she joined as a Partner. Earlier, she spent almost 15 years with Tuca, Zbarcea & Asociatii between 2005 and 2019.

Bauer has been with Wolf Theiss since 2007. Before that, he was with Freshfields Bruckhaus Deringer between 1999 and 2005.

Wagner has been with the firm since 2009 when he joined as an Associate. He became a Senior Associate in 2013, a Counsel in 2018, and a Partner in 2020 (as reported by CEE Legal Matters on July 3, 2020).

Wartinger joined Wolf Theiss in 2021 as a Senior Associate and was promoted to Counsel that same year. In 2023, he was promoted to partner (as reported by CEE Legal Matters on September 20, 2023). Earlier, he worked for E+H as an Associate between 2013 and 2018 and Attorney at Law between 2018 and 2021.

Serbia: PS Legal Opens Doors in Belgrade

PS Legal has opened for business in Belgrade with Partners Aleksandra Stojanovic and Milos Pandzic as its founders.

Before founding PS Legal, Stojanovic was a Senior Associate with BOPA Bojanovic & Partners, between 2023 and 2024. Earlier, she was an Associate between 2018 and 2019, a Managing Associate between 2020 and 2021, and a Senior Associate between 2021 and 2023 with Doklestic Repic & Gajin.

Before setting up PS Legal, Pandzic was a Partner with Bozovic Pandzic between 2023 and 2024. Earlier, he was a Senior Associate with Doklestic Repic & Gajin between 2013 and 2018 and a Partner between 2018 and 2023 (as reported by CEE Legal Matters on November 14, 2018). Earlier still, he was an Associate with Karanovic & Partners between 2011 and 2013.

Bulgaria: Popov, Arnaudov and Partners Opens Representative Office in Plovdiv

Popov, Arnaudov and Partners has opened a representative office in Plovdiv with Partner Sibina Eftenova at the helm.

Eftenova first joined Popov, Arnaudov and Partners in 2004 as a Lawyer and became a Partner in 2009.

"It is important for us to be close to our clients, and many of them have chosen Plovdiv as the center of their activity," commented Managing Partner Galin Popov.

North Macedonia: JPM Partners Completes Integration of Tosic & Jevtic

JPM Partners has announced its expansion into North Macedonia via the integration of Tosic & Jevtic into its regional network. The announcement follows the announced partnership between the two firms at the beginning of the year (as reported by CEE Legal Matters on February 21, 2024).

Tosic & Jevtic is a law firm with a 13-year presence in the North Macedonian market. Following the integration, it will now operate under the JPM Partners brand. As part of the integration, Ana Tosic Chubrinovski and Ivica Jevtic will join JPM Partners as Senior Partners. This move follows the firm's establishment in Montenegro last year (as reported by CEE Legal Matters on November 15, 2023).

"Last year, we refreshed our heritage Jankovic Popovic Mitic brand to JPM Partners," a JPM Partners press statement explained. "This rebranding was aimed at facilitating regional expansion by integrating young and dynamic full-service local law firms with growing experience and aspirations. Now, as part of JPM Partners, these firms continue to grow and thrive as an integral part of our team."

Before co-founding Tosic & Jevtic in 2012, both Tosic Chubrinovski and Jevtic were Junior Associates with Polenak, between 2009 and 2011.

Hungary: Oppenheim Partners with Jipyong and Opens Korea Desk

Oppenheim has partnered up with the Korean law firm Jipyong by signing a memorandum of understanding, leading to Jipyong opening a Korea Desk in Hungary.

"Central and Eastern Europe is emerging as a significant investment area for Korean companies, owing to its status as a production hub for Europe, its integration into the European value chain, and potential for market diversification," an Oppenheim press statement read. "Hungary, in particular, is viewed as an attractive destination for investment by Korean firms because of its strategic position at the intersection of Eastern and Western Europe, providing access to the entire European market."

According to Oppenheim, "to better serve the increasing legal needs of Korean companies entering the Central and Eastern European market, the Korea Desk opened at Oppenheim benefits from a strong local presence," with the firm stating that "an additional partner-level attorney will soon join the team to collaborate with Oppenheim and Jipyong's CEE team in providing seamless and effective legal advice."

PARTNER MOVES

Date	Name	Practice(s)	Moving from	Moving to	Country
4-Nov	Gyte Maleckaite	Banking/Finance	Ellex	Adon Legal	Lithuania
4-Nov	Rafal Grochowski	Banking/Finance	DZP	SSW Pragmatic Solutions	Poland
4-Nov	Piotr Nerwinski	Banking/Finance; Infrastructure/PPP/ Public Procurement	Dentons	Greenberg Traurig	Poland
8-Nov	Piotr Ciolkowski	Energy/Natural Resources	CMS	Dentons	Poland
23-Oct	Aleksandra Stojanovic	Corporate/M&A; Real Estate	BOPA Bojanovic & Partners	PS Legal	Serbia
23-Oct	Milos Pandzic	Corporate/M&A; Competition	Bozovic Pandzic	PS Legal	Serbia

PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
8-Nov	Stefanie Aichhorn-Woess	Corporate/M&A	Schoenherr	Austria
8-Nov	Alfred Amann	Corporate/M&A	Schoenherr	Austria
8-Nov	Johannes Frank	Competition	Schoenherr	Austria
8-Nov	Ayla Ilicali	Real Estate	Schoenherr	Austria
8-Nov	Christoph Jirak	Compliance	Schoenherr	Austria
8-Nov	Sara Khalil	Litigation/Disputes	Schoenherr	Austria
8-Nov	Sebastian Lukic	Litigation/Disputes	Schoenherr	Austria
8-Nov	Johannes Stalzer	Compliance	Schoenherr	Austria
8-Nov	Stefanie Stegbauer	Competition	Schoenherr	Austria
8-Nov	Kresimira Kruslin	Corporate/M&A	Schoenherr	Croatia
22-Oct	Karel Petrzela	Corporate/M&A	White & Case	Czech Republic
8-Nov	Daniel Radwanski	Banking/Finance	Schoenherr	Poland

IN-HOUSE MOVES

Date	Name	Moving from	New Company/Firm	Country
18-Oct	Petr Mlejne	BBH	Kaprain	Czech Republic
14-Nov	Alexia Kefalogianni	Eurobank	Bernitsas Law	Greece
8-Nov	Csaba Bittera	Bittera Kohlrusz & Toth	Fraport	Hungary
16-Oct	Jan Sarnowski	Kuke	B2RLaw	Poland
16-Oct	Alin Nichifor	FintechOS	Buju Stanciu & Associates	Romania
24-Oct	Ceyda Sila Cetinkaya	Esin Attorney Partnership	Merzigo	Turkiye
12-Nov	Ebru Ersoy	Nurol Bank	Nurol Bank	Turkiye

On the Move

■ Full information available at:
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THE BUZZ

In The Buzz we check in on experts on the legal industry across CEE for updates about developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we've marked the dates on which the interviews were originally published.

All Serbian Eyes on Expo 2027: A Buzz Interview with Rastko Malisic of MMD Advokati

By Andrija Djonovic (November 15, 2024)

Serbia appears to be entering a period of robust growth and transformation, driven in large part by Expo 2027 and targeted investment initiatives, according to MMD Advokati Partner Rastko Malisic. While the real estate and hospitality sectors are at the forefront of this boom, Malisic notes that other industries are grappling with challenges amid broader geopolitical uncertainties.

"Expo 2027 is a pinnacle event for Serbia, and it's catalyzing significant growth in the real estate sector," Malisic begins. "For years, Serbian infrastructure and real estate have been expanding, as we've seen in the case of Belgrade Waterfront – over the next three years, we expect this trend to continue." According to Malisic, the hotel industry, in particular, is poised for substantial growth, with "new chains and boutique hotels already opening up almost monthly. We expect this trend to not only continue but to keep growing."

Moreover, Malisic reports developments regarding corporate bonds. "The government, with support from the International Bank for Reconstruction and Development and the World Bank Group, is working to incentivize Serbian private companies to issue corporate bonds. Several consultants have already been appointed for the project by the WBG, and the due diligence phase is expected to commence soon," he says. "This project will unfold over the next three years and aims to unlock potential in the Belgrade Stock Exchange, creating new investment channels. The values we're looking at are EUR 5 million and above, with no top limit in place," Malisic explains, adding that the involvement of the EBRD and WB might rouse "significant interest from investment funds, making this initiative a promising new avenue for corporate financing in Serbia."

Still, while some sectors are booming, some appear to face challenges. "Certain sectors, like IT and automotive, are experiencing difficulties. We've had an increase in requests related to employee redundancies and labor force cuts, which is concerning," Malisic reflects. "Serbia's smaller market size means that some global market shocks, like those that affected the EU or US over the past few years, are only now impacting our industries. In addition to this, broader geopolitical uncertainties and shifting local politics add further unpredictability, making it challenging to forecast long-term outcomes for these sectors," he explains.

Domestic legislative developments appear somewhat sluggish too. "Political issues have slowed progress in the parliament over the last few months, with few major pieces of legislation moving forward," Malisic shares. However, with Serbia remaining heavily reliant on foreign direct investment, Malisic shares that the framework regulating FDI might soon change. "While Serbia used to welcome nearly any investment, we're now focusing on high-tech sectors and the hotel industry. Most of this investment in the hotel sector is directed toward Belgrade, and, spa and mineral water areas across the country. Having this in mind, the framework for attracting FDI, especially in the hotel sector, is evolving to accommodate this more targeted approach, so there's at least movement on that front," he explains.

Finally, Malisic shares that emerging technologies are impacting the legislative landscape in Serbia as well. "Legislators are increasingly aware of the need to create a framework that can support digital currencies and crypto operations, allowing major international players to enter the market and operate in a structured, supportive environment," he says. "Over the next few years, I expect to see significant changes in the regulatory framework to accommodate these developments, which could open up entirely new investment possibilities in Serbia," Malisic concludes.

Good Laws, Difficult Execution in Kosovo: A Buzz Interview with Shkumbin Asllani of Inlex

By Radu Cotarcea (November 18, 2024)

Inlex Managing Partner Shkumbin Asllani reports on the country's ambitious goals for economic growth outlining Kosovo's recent legislative efforts to promote renewable energy, attract investments, and develop capital markets while remaining cautiously optimistic, noting that implementation could face challenges.

"Recently, the Kosovo government has introduced a new law aimed at promoting the use of renewable energy sources," Asllani begins. The law sets the foundation of a Renewable Energy Support Fund, designed to "cover the costs of a support scheme. This competitive scheme will be implemented for privileged producers who use renewable energy sources through feed-in premiums and feed-in tariffs. Moreover, the government has set ambitious new national targets – to increase renewable energy production to 35% by 2031," Asllani outlines.

To facilitate this energy transition and achieve such a goal, Asllani reports that "the government plans to conduct four auctions for competitive schemes by 2025 with support from the USAID and the IFC. The first auction has already been completed, won by a consortium led by a member of the Kosovo diaspora. The initial project is currently in the initial development phase. Clearly with the new law passed in May 2024, things are moving quickly," he says.

While the law is a positive step, Asllani says he remains somewhat pessimistic about its implementation. "Historically, the issue hasn't been the legislation itself but the execution – problems with agencies, grid connections, and bureaucratic hurdles have been persistent obstacles. In addition, the government is facing a shortage of public officials – about 3,000 vacancies – which hampers the government's ability to implement structural reforms effectively," he explains. High inflation and low wages make it challenging to attract talent to public service, and these factors could impede the successful rollout of renewable energy initiatives.

Moreover, Asllani reports that there have been changes made to the personal income tax law. "In September 2024, amendments to the Law on Personal Income Tax were adopted. The new law changes key aspects of the tax system by introducing brackets with lower rates." As he explains, for annual incomes up to EUR 960, the tax rate is 0%. Incomes between EUR 960 and EUR 3,000 are taxed at 4%, and those between EUR 3,000 and EUR 5,000 at 8%. Incomes above EUR 5,000 are taxed at a maximum rate of 10%. "This policy aligns with the adoption of a new minimum wage law, set at EUR 350, aiming to benefit the most vulnerable in our society."

Additionally, a new Law on Sustainable Investment was adopted. "This law replaces the previous Law on Foreign Investments and clarifies who is considered an investor, inter alia affirming that a foreign investor is a person who does not have citizenship of Kosovo." Asslani adds that the new law is "tackling a practice we've had with arbitration proceedings initiated by Kosovars with dual citizenship. It introduces stricter criteria for personal jurisdiction and it overhauls the legal remedies available to foreign investors, mandating the government to consent on a case-by-case basis to arbitration procedures. The law also provides multiple avenues for resolving claims through domestic court proceedings, mediation, or arbitration – which aligns Kosovo's approach with other Balkan countries, aiming to increase protection and make arbitration more effective."

Finally, Asllani also reports that the "Ministry of Finance shared a draft concept for developing the legal framework for capital markets." This document analyzes the current financial framework, identifies existing gaps, and offers key recommendations, including "adopting a Capital Markets Law to establish clear rules for regulation and investor protection, and an Investment Funds Law to allow investment funds to register and operate in the country," Asslani concludes. ●

Historically, the issue hasn't been the legislation itself but the execution – problems with agencies, grid connections, and bureaucratic hurdles have been persistent obstacles.

Slower But Not Less Interesting Times in Romania: A Buzz Interview with Catalin Alexandru of Filip & Company

By Andrija Djonovic (November 19, 2024)

Filip & Company Partner Catalin Alexandru dives into Romania's legal and business landscape, examining the impact of election-year dynamics on regulatory activity, the Constitutional Court's landmark decision on the windfall tax, the surge in public-private partnerships tied to infrastructure projects, and the general market trends.

"As is often the case in election years, we're seeing a dual trend: On the one hand, there's a tendency to postpone major decisions until after the elections, which slows government processes. On the other hand, authorities have ramped up their assertive activities," Alexandru begins. For example, Alexandru reports that the tax authority has intensified its collection efforts, while the consumer protection authority has been particularly active in scrutinizing the retail sector. "This balancing act colors the regulatory landscape during election years."

Another recent development Alexandru reports on is that "the Constitional Court struck down the windfall tax imposed on energy companies in 2021, declaring it unconstitutional. The court has yet to publish its reasons. It's said that the tax unfairly targeted a narrow industry subset, penalizing profits driven by external market conditions. The Government reasoned that windfall taxes impose an additional charge on industries benefiting from a particularly favorable set of external objective market circumstances. The Constitutional Court may have considered that, by narrowly targeting a specific subset of the market – energy companies in this case – and using a high rate, the levy was an unfair and disproportionate burden." This decision "opens the door for energy companies to challenge the levies and seek refunds for billions of euros paid under the tax," Alexandru explains. "While this is a win for taxpayers, it creates a significant budgetary challenge for the government. Any solution to address the issue will likely provoke imbalances elsewhere."

Shifting gears to focus on the construction and real estate sector, Alexandru reports that it is "buzzing with activity, largely driven by infrastructure projects like the Transylvania Highway. Recently, the most expensive contract for a highway section was awarded, but it was immediately challenged." According to him, this reflects a broader trend of increased public-private partnership work, which often leads to arbitration and litigation. "PPPs are seeing a significant uptick in Romania, driven by numerous large-scale infrastructure projects being tendered. This surge is fostering more disputes, especially around contract awards, delays, and implementation, positioning construction and real estate as particularly active areas for legal work."

In Bucharest, Alexandru reports on the real estate sector being entangled in political turmoil. "The Mayor is in a prolonged standoff with administrative subdivisions and real estate developers over urban planning and building permits. Matters escalated when the Mayor forcibly removed a fence in Unirii Square, triggering a chaotic confrontation involving conflicting administrative jurisdictions," Alexandru says. "The Mayor has now called for a referendum to decide whether permitting authority should be transferred to his office, but history shows such votes don't always result in follow-up action."

Finally, Alexandru reports that the legal market is abuzz with "discussions about digitalization and AI, and their integration into legal workflows are becoming more prominent. At the same time, the general market is experiencing consolidation, albeit not in the legal profession, which is more fragmented. On one side, mergers and acquisitions are on the rise; on the other, insolvencies of smaller and medium-sized firms are increasing." Moreover, he reports that the market can sometimes become more concentrated even as a consequence of legislative intervention. "In June 2024, the High Court of Cassation and Justice ruled that arbitration institutions not established under specific legal provisions cannot operate. This decision shut down several institutions, including the Bucharest International Arbitration Court set up by AmCham in 2016, effectively leading to the market concentrating." ●

Cultures Clash in Bulgaria: A Buzz Interview with Ventsislav Tomov of Schoenherr

By Andrija Djonovic (November 22, 2024)

As Schonherr Head of Intellectual Property and Dispute Resolution practices in Bulgaria Ventsislav Tomov explains, Bulgaria's delicate political situation and unreliable judicial system are creating a challenging environment for both local and international businesses. Amid these uncertainties, internal corporate investigations are on the rise, driven by cultural clashes between Western investors and Bulgarian management as well as growing concerns over compliance and governance.

"Bulgaria's political situation is quite delicate," Tomov begins. "We are likely facing our eighth consecutive election, and the parliament is essentially nonfunctional, which means no meaningful legislative amendments are being passed. This creates a ripple effect across various sectors, contributing to legal uncertainties and weakening the enforcement of laws." As he puts it, the court system remains unreliable, and public prosecution and police authorities are often unable – or unwilling – to address key issues. "This lack of effective law enforcement fosters a sense of impunity among corporate managers, making internal corporate investigations increasingly common."

Focusing on why internal corporate investigations have become such a common trend, Tomov says that "there are several reasons, but the cultural differences between Western and US investors and Bulgarian managers stand out. Western investors often bring decades – or even centuries – of corporate governance traditions and strict compliance policies, which can clash with local practices." According to him, Bulgaria's historical background as an ex-communist state plays a role here. "While we've transitioned to a market economy, cultural shifts are much slower. Many managers struggle to align with the high expectations of international investors, leading to governance issues like financial leakages or even infringements on employees' rights."

To provide a more specific image of the situation, Tomov says that "most cases arise from whistleblower reports or financial discrepancies discovered by investors. These investigations aim to uncover the truth behind possible crimes, fraud, or civil and administrative infringements. Sometimes, the issues are clear-cut, like embezzlement, but often they stem from cultural misunderstandings or unconventional business practices." For instance, "what may appear as mismanagement to an international investor might simply be a local manager's interpretation of how to handle a situation," he says.

Furthermore, Tomov reports that internal corporate investigations require a very delicate approach. "As local lawyers, we need not only legal expertise but also an understanding of Bulgaria's cultural nuances. These cases often involve assessing compliance with internal corporate rules, which can be complex and may conflict with local customs." Moreover, he adds that "data protection and legal privilege are also major considerations, as we must carefully navigate access to internal communications while respecting privacy laws."

Finally, Tomov adds that "patent litigation – particularly in the pharmaceutical sector – has been on the rise over the last two to three years. Large companies are increasingly fighting over patent rights, both in court and through extrajudicial measures." According to him, "this reflects a broader trend across the region, but it has become especially prominent in Bulgaria recently." In conclusion, Tomov stresses that internal investigations and patent disputes are likely to continue growing in prominence, driven by globalization and the increasing influence of international investors. "The challenge will be aligning Bulgaria's legal and corporate practices with global standards while respecting local cultural nuances. It's a complex but fascinating dynamic to navigate." ●

This lack of effective law enforcement fosters a sense of impunity among corporate managers, making internal corporate investigations increasingly common.

THE DEBRIEF: DECEMBER 2024

In The Debrief, our Practice Leaders across CEE share updates on recent and upcoming legislation, consider the impact of recent court decisions, showcase landmark projects, and keep our readers apprised of the latest developments impacting their respective practice areas.

Adela Krbcova, Partner, Peterka & Partners

Jelena Gazivoda, Senior Partner, JPM & Partners

Kostadin Sirleshtov, Managing Partner, CMS Sofia

Sofia Angelakou, Senior Associate, Drakopoulos

Zofia Zarebska, Associate, Wolf Theiss Poland

This House – Implemented Legislation

In Greece, companies are adjusting to changes in tax law. "The new *VAT Code* entered into force on October 11, 2024, by virtue of Law 5144/2024," Drakopoulos Senior Associate Sophia Angelakou explains. "The new *VAT Code* serves as a codification of the old regime, which has been in force since 2000 and has been subject to numerous amendments, aiming to update and harmonize the regulatory framework and to ensure legal certainty for the taxpayers – persons subject to VAT, the public administration and the professionals in the sector, including lawyers and accountants. However, a further amendment to the *VAT Code* is expected in order for Greece to keep up with the latest developments in the EU in the context of the *VAT in the Digital Age* reform."

This House – Reached an Accord

November 2024 in Serbia was marked by significant advancements in energy policy, and legislation framework, "all aimed to enhance energy security and stability, optimize the energy mix, and infrastructure modernization and development," JPM & Partners Senior Partner Jelena Gazivoda says. "Key developments included the adoption of the *Law on Amendments and Supplements to the Energy Law*, the *Energy Development Strategy of Serbia until 2040* (with projections to 2050), and several by-laws. These included regulations on market premiums, feed-in tariffs, quotas for wind and solar power projects, and the maximum prices for auctions in the market premium system. These measures culminated in the initiation of Serbia's second auction procedure for market premiums, signaling a pivotal step toward the country's renewable energy goals."

According to Gazivoda, "amendments to the *Energy Law* contribute to regulating the balancing market and balance responsibility, creating conditions for the opening of the auxiliary services market, as well as for the merger of the national organized electricity market (electricity exchange) with the markets of neighboring countries, opportunities for end customers to conclude supply contracts with dynamic tariffs, the abolition of net metering for buyers-producers (prosumers) starting from December 31, 2026, the introduction of the 'active buyer' category, and the creation of the necessary preconditions for concluding a power purchase agreement, supply of green energy from power plants that will significantly contribute to the reduction of electricity supply costs, but will also have significant benefits resulting, *inter alia*, in the avoidance of paying CO2 taxes." Gazivoda adds that "on the date of entry into force of the amendments to the *Energy Law*, the *Law on the Prohibition of Nuclear Power Plants in the Federal Republic of Yugoslavia* ceases to be valid, thus opening up space for the inclusion of nuclear energy in the energy mix, and the implementation of nuclear power plant construction projects."

This House – Under Review

In the Czech Republic, discussions are ongoing regarding changes to the *Labor Code* that may take effect in early 2025. "The Chamber of Deputies is due to discuss the government's draft amendment to the *Labor Code* aimed at introducing a number of flexible means to stimulate the labor market in

the Czech Republic still this year," Peterka & Partners Partner Adela Krbcova notes. "As the legislative session is suspended until December 3, it is uncertain if the amendment will be adopted this year." One such possible change, according to Krbcova, "is for employers to be able to extend the trial period for regular employees from three months to four months, and to eight months for managers. This extension could be agreed upon when signing the employment contract. Or the parties may agree on a shorter trial period and then extend it within the maximum range, which is currently forbidden."

The draft amendment does not consider unilateral termination without reason, "a change that initiated huge discussions among politicians, trade unions leaders, and professionals since its announcement," she says. "But the draft amendment at least has the potential to speed up the termination procedure. The notice period will start from the date of delivery of the notice to the employee and not on the first day of the month following the delivery. Further, the standard notice period of two months shall be reduced to one month for termination reasons related to non-fulfillment of conditions of requirements for performing work, including unsatisfactory work reasons, or for violating duties resulting from labor regulations or the regime of a sick employee." In addition, Krbcova reports that, "as of the 1 January 2025, there will be changes brought by other amendments, such as the potential self-scheduling of working hours by employees, or further changes to agreements outside of employment."

This House – The Latest Draft

In Poland, efforts are underway to address workplace harassment. "The Ministry of Labor and Social Policy has recently announced plans to revise the definition of workplace bullying." Although the details of the draft law are not yet available, according to Wolf Theiss Poland Associate Zofia Zarebska, "the ministry has promised that the new wording will be clearer and more precise. This action comes in response to the ongoing discussion about the prevalence of workplace harassment, which continues to be a significant issue." Under the current legislation, Zarebska says that "workplace bullying is defined as any act or behavior relating to an employee or targeted against an employee that involves persistent and long-term harassment or intimidation, resulting in diminished self-esteem regarding their professional abilities. The purpose or effect of such behavior is to humiliate, ridicule, isolate, or exclude the employee from the team. Consequently, in order to claim compensation for the damage suffered, the employee must prove the cumulative fulfillment of numerous conditions."

The amendment is motivated by concerning statistics. "In 2022, only 551 workplace bullying compensation cases were submitted to district courts, with just 17 cases granted compensation that same year," Zarebska says. "This doesn't necessarily mean that these disputes are resolved in a non-litigious manner. According to the Polish Labor Inspection, only one in five employees who experience workplace harassment seek support from the employer," Zarebska reports pointing to a 2024 survey revealing "that over 41% of Polish employees reported experiencing harassment-like behavior in the workplace in the past six months."

In the Works

"At the beginning of November, the Ministry of Energy published the evaluation of the received investment proposals under the procedure *Support for new capacities for electricity production from renewable sources and electricity storage* (Calls 1 and 2), financed within the framework of the *National Recovery and Resilience Plan*, has been successfully completed," CMS Sofia Managing Partner Kostadin Sirleshtov reports. "A total of 327 proposals were received under Call 1, of which 267 were admitted to the ranking. The available financial resources under the procedure allow the financing of 200 projects with a total value of nearly BGN 107 million." The projects envisage "the installation of 435 megawatts of production capacities from renewable sources and 176 megawatts of local electricity storage facilities. A total of 70 proposals were received under Call 2, of which 65 were admitted to the ranking of the proposals," he adds. "The available financial resources under the procedure allow the financing of 49 projects with a total value of almost BGN 419 million. During their implementation, 2,660 megawatts of renewable energy generation capacity and 1,000 megawatts of local electricity storage facilities will be installed. 16 projects, for which there are insufficient financial resources, have been included in the list of reserve proposals with a total value of nearly BGN 43 million. The deadline for the implementation of the projects is March 31, 2026."

Gazivoda says Serbia initiated its second auction for market premiums for wind and solar projects in November. "Participants must bid for at least 70% of each power plant's capacity and submit a bank guarantee or cash deposit of EUR 30 per kilowatt for their proposed projects. Winners will secure 15-year CfD contracts and must provide an additional guarantee or deposit of EUR 60 per kilowatt for their awarded quotas. The deadline for bids is February 5, 2025." Through these actions, she says that "the Republic of Serbia continues its commitment to the *Green Agenda*, optimizing its energy mix and aligning with sustainable energy goals."

THE CORNER OFFICE:
OFF THE PARTNERSHIP TRACK

In The Corner Office, we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. This time around we asked: If you have a formal partnership track, how do you handle lawyers on it who do NOT end up living up to the requirements to make a Partner?

Ivana Ruzicic, PR Legal, Serbia:

A transparent process and an open dialogue are essential for successfully addressing the challenges of the partnership track. Being on this track is a shared responsibility – candidates must demonstrate their ability to meet the firm's requirements, while the firm must provide mentorship, resources, and conditions to support their growth. Clear communication and management of expectations are key. Regular feedback ensures that candidates understand their progress and areas for improvement. If it becomes evident that the candidate may not meet the requirements, a candid conversation is necessary. Such discussions should be approached constructively, focusing on potential alternatives within the firm or preparing for a professional transition. Not every partnership track journey ends in partnership, and that is okay. Some candidates may find fulfillment in other roles within the firm, while others may thrive elsewhere. In such cases, a mutually respectful and supportive parting is often the best solution for both the individual and the firm. Ultimately, fostering a culture of honesty and support benefits everyone involved, ensuring that the process aligns with the values and goals of both the candidate and the firm.

Istvan Szatmary, Oppenheim, Hungary:

At Oppenheim, we see our Senior Associates and Counsels as the future of the firm. They are the ones we believe can generate new business and contribute to the sustainability of the firm, both financially and from a leadership perspective. Therefore, we are convinced that reviewing the progress and effort put into the development of our senior colleagues from time to time is an investment both for the one on the partner track and for the firm. Although we have some KPIs that we measure, we focus on trends, tendencies, and potential future prospects rather than just on specific numbers. This ensures that our candidates can see where their strengths are and where they need more mentoring or coaching. We are aware of how difficult such a process can be for the younger generation, so we conduct open discussions throughout the process. If we come to a mutual conclusion that we need to change, we are flexible to make any correction on the path. This is the reason why we have never lost a colleague on the partner track due to an unsatisfactory outcome on either our or their side.

Adi Ibrahimovic, Ibrahimovic & Co, Bosnia and Herzegovina:

In our firm, the partnership track is carefully managed to be both fair and transparent. For lawyers on the track who, despite initial support, aren't meeting the required metrics for partnership – be it business generation or client development – we have a structured approach. We typically extend the evaluation period by six to twelve months, during which we work closely with the individual to identify and address any specific gaps. This could involve targeted mentorship or training in areas like strategic client relations or market positioning.

If, however, after the extension, it becomes clear that the partnership role is not the right fit, we explore alternative paths within the firm. These may include Senior Counsel or Senior Associate roles, where their skills can continue to add value. This structure allows us to keep the partnership track competitive and encouraging for high performers while respecting and utilizing the strengths of each team member.

Milos Velimirovic, Kinstellar, Serbia:

The partnership track at Kinstellar is a challenging yet rewarding path, with defined milestones that lawyers are expected to achieve within a given timeframe. Becoming a Partner represents the culmination of years of dedicated work, the development of legal and various soft skills, and commitment to the firm's values and strategic goals.

Our thoughtful and structured candidate selection process results in very few lawyers who do not achieve results along the way. However, when challenges arise, we take a proactive approach. We identify the underlying issues through active communication, feedback culture, and transparent evaluations and provide targeted support to foster continued collaboration. Our future Partners can access extensive support resources, including leadership training, business development and client relationship management, people management, negotiation skills, and more.

By approaching this process with transparency and empathy, Kinstellar ensures that both the firm and its lawyers continue to grow in ways that support long-term success.

Kostadin Sirleshtov, CMS, Bulgaria:

CMS doesn't have an "up-or-out" policy, but rather a partnership model, which is flexible and allows Senior Associates or Counsels to be part of the firm for a long period. Therefore, there is no pressure on "being on the partnership track," but "not meeting the requirements" per se. Transparency is key in addressing situations like this, which are often happening with excellent niche professionals, who can't leverage their specific and deep professional knowledge by broadening their teams. As an all-service law firm, we recognize the need for such professionals and indeed we cherish their contribution to the well-rounded offering that we are in a position to provide to clients. We manage the expectations of our superb senior lawyers and their readiness for the partnership challenges is assessed through several stages of senior lawyer development programs and pre-assessments in order to avoid as much as possible any last-minute disappointments.

Octavian Popescu, Popescu & Asociatii, Romania:

The journey from law graduate to lawyer is paved with extensive academic knowledge and rigor. However, turning a lawyer into a skilled and successful one demands hard work, determination, and a wide array of qualities such as professionalism, efficiency, persistence, availability, and proactivity.

Yet, one of the greatest challenges for any law firm is transforming a talented, even exceptional lawyer, into a Partner. In this regard, the criteria for partnership must be clearly outlined from the start, including expectations, business development, leadership qualities, and alignment with the firm's values. Regular performance reviews and open feedback sessions are integral to tracking progress and addressing any gaps.

Attorneys pursuing partnerships who do not qualify for consideration as Partners require a thoughtful, structured, and professional approach. Mostly, transparency in the process is very important, and we are striving to prioritize fair treatment, providing a balanced and impartial approach. The focus then shifts to career development. Together, we explore the alternative roles within the firm that align with the lawyer's skills and aspirations.

FOR THE LOVE OF THE GAME: CEE'S GAMING SECTOR

By Teona Gelashvili

Over the past few years, the gaming sector has been thriving in CEE. Kinstellar Partner Milan Samardzic, Rowan Legal Partner Milos Olik, ACI Partners Head of Fintech and E-Payments Nicolina Turcan, and Linklaters Warsaw Associate Aleksandra Czubek explore how CEE jurisdictions are driving the industry forward and unlocking new potential.

Rising Gaming Hubs

In recent years, Serbia has positioned itself as "a rising star in the global gaming industry," Samardzic notes. "The gaming industry in Serbia continues to thrive, showcasing a diverse ecosystem of developers and publishers catering to a wide array of gaming preferences." Among some prominent players, he highlights Wargaming: "best known for its military strategy franchises, including *World of Tanks*, *World of Warships*, and *World of Warplanes*, Wargaming remains an independent powerhouse focusing on A-list games with immersive military and strategy-based experiences." Other key industry contributors include TinyBuild, Playrix, Nordeus, and Ubisoft Belgrade.

A similar pattern is present in Poland, where "the Polish gaming market is internationally recognized for producing high-quality games, including titles like *The Witcher*, *Cyberpunk 2077*, and *This War of Mine*," Czubek points out. "Major players include CD Projekt, 11 Bit Studios, and People Can Fly."

In the Czech Republic, Olik notes that major players include "Bohemia Interactive (*ArmA*, *DayZ*), Warhorse Studios (*Kingdom Come: Deliverance*, owned by Austria's Koch Media, part of Embracer Group), 2K Czech (the *Mafia* series, owned by US-based Take-Two Interactive), SCS Software (*Euro Truck Simulator*, *American Truck Simulator*), and Amanita Design (indie games like *Samorost*, *Machinarium*)," with some of them focusing on "realistic PC and console games," while others specialize "in A-list titles, particularly story-driven action-adventure games like *Mafia*."

Meanwhile, Turcan highlights that "the Moldovan market is focused predominantly on gambling activities, such as lotteries, sports betting, and slot machines," with the "gambling market being primarily state-controlled." According to Turcan, "the establishment and operation of casinos fall outside

Milan Samardzic,
Partner,
Kinstellar

Milos Olik,
Partner,
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Nicolina Turcan,
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the scope of the monopoly. Casinos can be operated by private entities, provided they meet strict licensing conditions." Currently, two partnerships stand out: "Novo Investment MLD S.R.L., which manages the development of slot machine activities, including via electronic communication networks, and NGM Company S.R.L., responsible for the development of lotteries and sports betting, also including electronic communication networks."

Government Boosts

In terms of the contributing factors, the role of government programs in supporting the sector plays a key role. In Serbia, Samardzic says that "government support has been instrumental in nurturing Serbia's gaming industry," with "programs organized by the Serbia Innovation Fund provide grants to tech start-ups, including game developers, enabling them to innovate and scale." He also draws attention to "the favorable tax regulations – especially R&D benefits for IP – further consolidate Serbia's position as a country to develop your games in." Additionally, "local associations such as Digital Serbia Initiative focus on enhancing the country's digital infrastructure and fostering a conducive environment for technological advancements, further propelling the gaming sector's growth."

A similar approach is evident in Poland, where "the Polish government offers initiatives like e.g., GameINN, a program aiming to enhance the competitiveness of the Polish gaming industry on a global scale," Czubek says. The program "focuses on research, development, and innovation to drive sectoral advancements, providing financial incentives and grants."

"The primary support ecosystem for gambling companies in Moldova is regulatory in nature," Turcan also emphasizes. "The *Gambling Law*, together with secondary legislation such as the *Standard Regulation on the Organization of Gambling Activities Through Electronic Communication Networks* provides a structured legal framework for the organization and operation of gambling activities. These regulations ensure compliance, transparency, and oversight, creating a predictable environment for operators." Beyond gambling, Turcan says, "the broader IT sector benefits from favorable tax regimes and support for tech startups, by enhancing the overall tech ecosystem."

Future developments are also on the horizon in the Czech Republic. "The government will support the gaming ecosystem next year, with funding for educational activities, festivals, and conferences," Olik says. Industry advocacy plays a key role, with "the Association of Czech Game Developers advocates for industry interests in Europe, while the Czech eSports Association represents gaming clubs and players in public forums."

Educational Ecosystem

Other macroeconomic factors also play a significant role in shaping the gaming industries in these regions. "Poland's gaming industry benefits from a robust support ecosystem," Czubek notes. "This includes educational institutions offering courses in game development, design, and related fields – such as a game development path in the film directing course at the Warsaw Film School, a master's in computer graphics at the Polish-Japanese Academy of Information Technology, and diploma in interactive media at the University of Silesia, ensuring a steady influx of skilled graduates equipped to enter the industry." There are also "numerous investment opportunities, as many venture capitalists and investment funds recognize the potential of Polish gaming companies. The gaming community in Poland further supports this environment through meetups, hackathons, and online forums," she says.

Similarly, the education system in Serbia has been instrumental in fostering its tech and gaming industries. Samardzic explains that "Serbia's universities (and large tech companies) play a vital role in preparing the next generation of game developers," with "insti-

tutions such as the University of Belgrade's Faculty of Electrotechnical Engineering, Faculty of Mathematics, and University of Novi Sad's Faculty of Technical Sciences offering specialized programs in computer science, game design, and interactive media. These programs provide the students with the skills needed to succeed in the competitive gaming industry, ensuring a steady pipeline of skilled professionals." Additionally, he says, "the Serbian Games Association actively connects local developers through networking opportunities, events, and workshops, fostering a culture of shared knowledge and growth. This community-driven approach has been pivotal in creating a strong foundation for the gaming ecosystem."

"Moldova benefits from a highly skilled and multilingual IT workforce proficient in advanced technical fields," Turcan agrees, "making the country an attractive destination for software development and IT services, particularly in areas requiring technical expertise." Consequently, "the IT sector's capabilities position Moldova as a potential hub for outsourcing in software development, including contributions to international game development projects."

Payment Pitfalls

The payment landscape for gaming companies presents both opportunities and challenges across different regions. In Serbia, Samardzic explains that "while these structures provide flexibility, gaming companies face several challenges that can complicate financial planning." Among these, "revenue-sharing models introduce unpredictability. Payment cycles for platforms like Steam and PlayStation Store are often extended, causing cash flow issues for smaller studios reliant on timely income." Additionally, "payments made in foreign currencies can be affected by exchange rate volatility, reducing the amount received. However, the local currency remains stable over a mid-term period, thus decreasing this risk. High bank fees for international transfers further erode payment values, creating additional financial strain." Tax-related complexities add another layer of difficulty, as "cross-border transactions require navigating diverse tax regulations, which can lead to administrative burdens and unexpected costs. For example, the application of value-added tax on digital products varies by jurisdiction, and sales through global platforms often involve complex VAT compliance requirements."

Turcan notes that Moldova's payment systems are well-developed and capable of supporting diverse business operations. "Gambling operators are required to integrate their payment systems with Moldovan state online monitoring system, through which the gambling operators transfer tax-related information to the State Tax Authority." The sector is also subject to stringent anti-money laundering regulations, she notes, and "these rules not only categorize online gambling operators as specific risk entities for financial institutions but also impose direct reporting obligations under Moldova's AML framework."

In Poland, the payment landscape also presents challenges, Czubek says, including issues such as "payment security, regulatory compliance, and currency fluctuation management." Companies have taken proactive measures to address these issues. For instance, "CD Projekt has implemented multi-factor authentication to enhance payment security in their digital distribution service, GOG.com, ensuring safe transactions. Similarly, 11 Bit Studios has integrated flexible payment options to cater to a global audience, allowing transactions in multiple currencies and thereby managing currency fluctuation risks effectively." ●

LOOKING IN: KUIF KLEIN WASSINK OF DENTONS

By Teona Gelashvili

In our Looking In series, we talk to Partners from outside CEE who are keeping an eye on the region (and often pop up in our deal ticker) to learn how they perceive CEE markets and their evolution. For this issue, we sat down with Amsterdam-based Dentons Europe Corporate group Co-Chair Kuif Klein Wassink

CEELM: What was your first interaction with the CEE region?

Klein Wassink: My first dealings with CEE were many years ago when I was still at Baker McKenzie. I worked on various deals, especially in Turkiye.

Actually, Dentons' strong practice in Central Europe was one of the things that attracted me to join the firm – I was excited by the opportunity to work on inbound and outbound deals in CEE using the Netherlands as a gateway. CEE companies frequently use Dutch BVs for holding companies for their international investments and joint ventures, so there is a natural connection between our markets.

CEELM: As for the current pipeline of CEE-focused work, what has been keeping you busy in the last 12 months?

Klein Wassink: One highlight for me this year was the acquisition by Yanmar – a Japanese industrial company – of Czech-based TEDOM from the Jet Investment fund. The deal was led out of Prague and included lawyers from Slovakia, Poland, Germany, the UK, and the Netherlands. The client was very happy with the team on this deal, and I anticipate other similar opportunities in the future. I also worked with colleagues in the UK and Poland on eSky's acquisition of Thomas Cook Tourism (UK) Company Limited from Fosun Tourism Group. My team and I are currently advising on the restructuring of shareholder arrangements involving two different Dutch holding companies for investments in Southeastern Europe. There are more deals to come which we will announce once they are signed – so stay tuned!

CEELM: Which sectors or industries in CEE do you think are poised for the most growth in the upcoming future?

Klein Wassink: Since the onset of the Ukraine war, there has been a lot of M&A and financing activity in the energy sector, and there are no signs of this slowing down. The technology sector has come of age in recent years, with acquisitions in CEE by global players such as Microsoft, Cisco, Intel, and others, as well as investments by various private equity players. The explosive growth of generative AI is accelerating M&A in the technology sector – we're advising sell-side in three auction processes where the target has a strong AI focus. We anticipate that the technology sector will continue to grow.

While food and other retail have received a fair amount of investment in Poland and the Czech Republic, there are significant growth opportunities in other CEE countries through modern and innovative formats, including online shopping platforms. Healthcare will continue to attract private investment, as populations come to expect better services with less waiting time than some of the national healthcare systems are able to provide. When peace finally returns to Ukraine, we anticipate significant investment in Ukrainian infrastructure, accelerated by IFC's USD 2 billion *Economic Resilience Action Program* for the country.

CEELM: As for the specific markets, which countries in the CEE region do you find more promising or challenging?

Klein Wassink: Each of the markets presents its own unique opportunities and challenges. For example, Poland is the largest market with the greatest opportunities to make significant infrastructure investments or to scale a domestic business, yet the competition for investments there is pretty fierce. Czech Republic has dozens of family offices and other financial groups that invest outbound in CEE and around the world, as well as entrepreneurs who have built businesses that compete on a global scale. Even Ukraine has proven to be very resilient in the face of obvious challenges, with our Kyiv office having been active on a few telecoms and energy M&A transactions in the last two years.

CEELM: What is your perspective on internationals in CEE – how will their presence evolve?

Klein Wassink: Sometimes it seems that for every international law firm that retrenches (such as W&C) or pulls out of the region (such as Weil, Hogan Lovells, or Noerr), another pops into its place (Clyde & Co, Osborne Clarke, DWF) or invests in growth (Dentons, Kinstellar, Wolf Theiss). But it's clear that to thrive, an international law firm must be aligned around a strong internal strategy. For Dentons, this strategy involves being aligned around key clients and priority sectors that benefit from collaboration regionally and with Dentons teams in Western Europe and throughout the world.

MARKET SPOTLIGHT: POLAND

ACTIVITY OVERVIEW: POLAND

The Firms with the most Deals covered by CEE Legal Matters in Poland, between November 16, 2023, and November 15, 2024.

1.	Dentons	49
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The Partners with the most Deals covered by CEE Legal Matters in Poland, between November 16, 2023, and November 15, 2024.

1.	Miroslaw Fialek	18
	Wojciech Chabasiewicz	18
3.	Tomasz Rogalski	17
4.	Pawel Zdort	12
5.	Andrzej Stosio	10
	Marcin Studniarek	10
	Pawel Grzeskowiak	10
	Piort Nerwinski	10

BIG GOALS, NON-NEGLIGEABLE CHALLENGES: POLAND'S RENEWABLE ENERGY PUSH

By Andrija Djonovic

As Poland accelerates its shift toward renewable energy, particularly in offshore wind, key factors drive this transition. Partner and Head of the Compliance Department at KWKR Mariusz Purgal and Penteris Partner Sebastian Janicki look at the country's renewable energy landscape, major projects, government incentives, challenges, and role in the European Union's energy transition.

Commitments Made to Renewable Energy

"Poland's recent surge in renewable energy projects, particularly in offshore wind, is driven by several key factors," Purgal begins. "The primary driver is the country's commitment to energy transformation, aiming for decarbonization by 2050. This involves a gradual phase-out of coal, increasing the demand for alternative energy sources like offshore wind."

Purgal goes on to add that Poland is obligated to meet the EU's climate goals, "including achieving a 32% share of renewable energy in final energy consumption by 2030. Legislative changes and government support, such as financial mechanisms and renewable energy auctions, also play a crucial role in attracting investments in offshore wind as a promising development area."

Janicki highlights EU directives and national policies, saying that Poland's recent surge in renewable energy projects is propelled by several EU directives and national policies aimed at reducing coal dependency and achieving climate targets. "Central to this is the *European Green Deal*, which aims for EU-wide carbon neutrality by 2050," he says while also noting pressure from the *Fit for 55* initiative. "*Fit for 55* places pressure on Poland to overhaul its coal-heavy energy mix. Thanks to European Investment Bank loans and the EU Just Transition Fund and Invest EU programs, Poland benefits from financial support to ease coal phase-out, slated for completion by 2049."

Major Projects and Key Players

Several significant renewable energy projects are in development, with major industry players involved. Outlining key projects, Purgal notes that "in offshore wind, notable projects include Baltic Power by Orlen Group, Baltic Sea by PGE, and F.E.W. Baltic by RWE. Companies like Equinor and Orsted are also planning to build wind farms in the Baltic Sea, with a combined capacity of several gigawatts." Additionally, he shares that there are ongoing developments in photovoltaic projects and onshore wind farms.

Chiming in, Janicki also highlights offshore wind projects such as Orsted and PGE's Baltica 2 and 3, "projected to generate up to 2.5 gigawatts. Equinor and Polenergia, with Siemens Gamesa as a turbine supplier, are key players in offshore wind. Vestas has plans to open manufacturing plants near Szczecin to support local wind projects." Moreover, he also mentions nuclear energy developments, adding that "in nuclear, the government has partnered with Westinghouse for a large nuclear plant, with additional locations under consideration. Poland has also been active in small modular reactor development, with Orlen Synthos and other companies pursuing SMR projects for industrial needs."

Government Support

Furthermore, government policies and incentives play a crucial role in Poland's move away from coal dependency.

"The Polish government has adopted several key policies to support the energy transition," Purgal reports. "These include amendments to the *Renewable Energy Sources Act* and the *Energy Law*, support mechanisms for renewable energy, the green certificate system, and investment programs in renewables." He highlights the importance of the *Polish Energy Policy until 2040* which "emphasizes the dynamic development of renewable energy sources. The government is also engaged in international climate and energy mechanisms within the EU, accelerating the decarbonization process."

Regarding the specifics of the *Polish Energy Policy until 2040*, Janicki says that "it targets 23% renewable energy by 2030,

Mariusz Purgal,
Partner,
KWKR

Sebastian Janicki,
Partner,
Penteris

with major expansions in offshore wind and solar power, aiming for 5.9 gigawatts in offshore wind capacity by 2030 and 11 gigawatts by 2040." He also mentions incentives for individual participation, including "programs like Moj Prad, promoting prosumer solar energy, and Czyste Powietrze, supporting energy-efficient home upgrades." Additionally, "programs like Stop Smog and Moje Cieplo encourage low-carbon alternatives, which align with Poland's goal of reducing coal use in residential heating and power generation," Janicki adds.

Infrastructure Challenges

Despite progress, Poland faces legal and infrastructure hurdles that could impede renewable energy growth. "A significant barrier is the integration of new energy sources with the existing grid infrastructure," Purgal says, identifying key challenges. "Poland's transmission and distribution networks are largely adapted to coal-based energy, and integrating renewables requires substantial infrastructure investments." Moreover, he notes legal issues as well. "Legal regulations are also not always aligned with new technologies, causing project delays. Efforts are underway to amend relevant laws, including the *Renewable Energy Sources Act* and the *Energy Law*, to facilitate the development of renewables in Poland."

Focusing on grid integration challenges, Janicki reports that "Poland faces non-negligible challenges regarding renewables, especially as it expands offshore wind and solar. Poland's power grid operator PSE has announced a USD 16 billion investment plan to support high-voltage transmission infrastructure, essential for transporting energy from coastal wind farms and nuclear power plants." Highlighting the scale of the overhaul, Janicki says that "this massive infrastructure overhaul – the development of 4,850 kilometers of new energy lines, moving the current center of energy production from southern to northern Poland – along with necessary upgrades in grid capacity, requires strong technical and financial commitment and extensive workforce training for long-term viability."

Additionally, international cooperation and public engagement are shaping Poland's renewable energy strategy as well. "Cross-border cooperation, especially in offshore wind energy, is crucial," Purgal notes. "Poland collaborates with Germany and Denmark to develop joint projects and create unified energy markets. Public consultations, particularly for infrastructure projects, are an integral part of the decision-making process, ensuring transparency and local community involvement in planned investments," he adds. "This is especially important as wind farms can sometimes be burdensome for residents of neighboring areas." On collaborations, Janicki reports that "Poland's renewable strategy also benefits from regional collaborations and EU initiatives. Through the *Baltic Declaration*, Poland cooperates with Baltic neighbors to enhance offshore wind potential, while the Baltic Pipe, connecting Poland with Denmark and Norway, diversifies its gas supply."

Poland's Role in the EU's Energy Transition

Ultimately, Poland's energy transition is significant for the EU's broader climate targets. "As an EU member, Poland plays a significant role in achieving common climate and energy goals," Purgal says. "By implementing the objectives of the *European Green Deal*, Poland is committed to reducing greenhouse gas emissions and increasing the share of renewables in its energy mix." Still, he acknowledges the depth of this challenge, stating that "Poland's significant reliance on coal makes this transformation a major challenge. Cooperation within the EU, both politically and technologically, is key to ensuring the success of Poland's energy transition."

Janicki concurs with Purgal, adding that "Poland is both a critical player and is faced with unique challenges." According to him, Poland's energy transition is key to the EU's overall climate goals. "Its plans to reduce coal reliance, expand renewable and nuclear capacity, and implement EU-aligned policies underscore its role in supporting the EU's vision for a carbon-neutral future by 2050," he concludes.

MARKET SNAPSHOT: POLAND

Disclosure of Employee Termination Reasons to the Entire Workforce

By Agnieszka Nowak-Blaszczak, Head of Employment, Wolf Theiss Poland

Employers often find themselves contemplating whether they should disclose the reasons for an employee's termination to the entire workforce. While the motivations behind this consideration can be well-intentioned – such as educating remaining employees about unacceptable behaviors, promoting transparency, and preventing the spread of misinformation, there are legal implications to take into account.

According to Polish case law, disclosing the reasons for termination to unauthorized individuals constitutes a violation of the employee's personal rights as well as their right to data protection. The courts emphasize that both the termination of the employment relationship and the employer's assessment of the employee clearly fall within the scope of the employer's rights. The employer is entitled to evaluate the performance of the employee in question, which is reflected, among other things, in the wording of the termination notice, in particular the termination reasons. However, in carrying out its responsibilities related to employment termination, the employer must adhere to legal regulations. Labor law does not provide the employer with the authority to terminate an employment contract in front of other employees.

Moreover, the employer's fundamental obligation under the principles of labor law is to respect the dignity and privacy of employees as their personal rights. An employee's dignity is understood as their sense of self-worth based on their reputation as a good professional and conscientious worker, as well as the recognition of their skills, abilities, and contributions by their supervisors.

The employer also acts as the data controller for the personal data of its employees and is therefore required to adhere to the rules established by the *General Data Protection Regulation* (GDPR). The data controller is specifically obligated to ensure that data is processed lawfully. This principle implies that every action taken by the employer regarding data processing must have a valid legal basis and comply with existing regulations. Information about employees, including specific events such as contract termination, should only be accessible to a limited circle of individuals within the organization. Typically, this group includes management personnel acting on behalf of the employer, the employee's immediate supervisors, human resources staff, payroll administrators, legal advisors providing assistance to the employer, and representatives of any labor union to which the employee belongs. These individuals are generally authorized to process other employees' data, as their roles are directly linked to the tasks they perform within the organization. Consequently, sharing information about employment termination with unauthorized employees is not permissible.

A breach of an employee's personal rights may therefore occur in particular when information about the intention to dismiss or about the termination of the employment relationship is communicated to an overly broad circle of employees who are not entitled to be informed about the reasons for the termination. Such actions on the part of the employer may be perceived by the employee as affecting their dignity, good name, image, or self-esteem.

Employees whose personal rights have been threatened by their employer's actions can seek to halt such actions unless they are not unlawful. If a violation occurs, the affected employee may demand corrective measures, such as public statements, to rectify the situation. They may also pursue financial compensation or require a payment to a designated charitable cause. When such a violation of personal rights results in financial loss, the affected employee can claim restitution based on general principles of liability. Claims related to infringements of personal rights can be pursued in court, where it is determined whether such a violation has occurred.

In order to avoid litigation with employees over infringement of personal rights, the employer should carefully assess whether the people who are informed about the termination, in particular about its reasons, are entitled to receive such details. ●

Latest Legislative Development in AI – Polish Government Wishes To Be Ahead of the Crowd This Time?

By Szymon Sieniewicz, Head of TMT/IP, and Daria Wojciechowska, Senior Associate, Linklaters

For years, Poland has held the unenviable position of leading the race in delays when implementing various EU laws, especially in the digital sector. This has resulted, and continues to result, in multimillion-euro fines that Poland is compelled to pay to the EU. By way of example, it was only recently, on July 12, 2024, that the Polish legislator enacted the *Electronic Communications Law*, implementing the *EU Directive 2018/1972 establishing the European Electronic Communications Code*. This law comes into effect, albeit partially, on November 11, 2024, even though the implementation deadline lapsed in 2020. Such delays do not go unnoticed by businesses operating on a transnational scale. Businesses that have implemented uniform solutions across EU countries to ensure compliance with national laws implementing the EU directive in question must now undertake a review and implement necessary revisions to ensure also adherence to the newly established, albeit postponed, Polish legal framework. This is particularly important given the Polish legislator's tendency to introduce stricter regulations where permissible.

Numerous EU legal acts are still awaiting implementation. The new Polish government is clearly taking steps to address these delays. With its recent AI-focused initiative, it seems the Polish government would like to become a frontrunner among EU Member States in the coming future.

AI Law – The EU Perspective

This year, new regulations concerning artificial intelligence were successfully adopted at the EU level, namely *Regulation (EU) 2024/1689* of June 13, 2024, laying down harmonized rules on artificial intelligence (AI Act).

In essence, this regulation governs the use of artificial intelligence in the EU and is likely the first comprehensive legal act of its kind worldwide addressing this subject. Although EU regulations are directly applicable throughout the entire EU and do not require implementation at the national level as such, member states often need to supplement them with national legislation to ensure the EU regulation operates fully and may be effectively enforced. With respect to the AI Act, this necessity primarily pertains to issues related to the supervisory authority, proceedings before this body, rules for imposing administrative fines, and procedures facilitating the enforcement of prohibitions on certain AI systems. Furthermore, EU regulations allow member states, at times, to introduce distinct provisions in specific areas. For example, the AI Act, similarly to multiple other EU regulations, allows for the introduction of more employee-favorable terms in the context of the use of AI systems in employment relations.

Polish Draft Law on AI Systems

The Polish Ministry of Digital Affairs published a draft law on AI systems on October 16, 2024, aiming to create a system for supervising AI systems in Poland in line with the AI Act. Nevertheless, the title of the legal act might seem somewhat misleading, as it does not regulate the use of AI systems. The scope of this legislative proposal includes: (1) the establishment of a new collegial body – the Commission for AI Development and Security – aimed at overseeing the AI systems market; (2) the formation of a public council on AI as an advisory body; (3) granting the new regulatory body the authority to issue both general and individual interpretations for businesses; (4) the procedures before the oversight authority concerning violations of the AI Act and the rules for remote and on-site inspections conducted by this authority; and (5) protocols for reporting AI-related incidents and imposing administrative fines.

While the efforts to establish legislation supporting the implementation of the AI Act are commendable, the draft law appears to encompass several ambiguities and, at times, controversial solutions. For example, it is concerning that the draft bill allows the supervisory body to conduct a cursory review of documents covered by attorney-client privilege, enabling the identification of the document's author, recipient, title, subject matter, and date of creation. Another example of imprecise regulations is the failure to specify the impact that the general and individual interpretations issued by the authority would have, particularly whether these interpretations would be binding and, if so, the scope of their applicability. Further controversies include the designation of the District Court in Warsaw – the Court of Competition and Consumer Protection – as the court with jurisdiction to hear appeals against decisions of the new supervisory authority.

The ministry has started public consultations, and interested parties have 30 days to provide feedback on the draft bill. Public institutions and businesses have an opportunity to comment on various controversial solutions included in the draft bill, and their feedback should be taken into account in further stages of the legislative process. ●

The Rise of Short-Term and Early-Stage Finance in Poland's RES Industry

By Piotr Nerwinski, Partner, and Jakub Walawski, Senior Associate, Greenberg Traurig

Historically, Poland's Renewable Energy Sources (RES) sector has relied heavily on long-term project finance, with loan tenors of 15-18 years from project completion. In the current local financial landscape, high interest rates persist with WIBOR remaining elevated despite attempts at correction, and the cost of long-term interest rate swaps continuing to soar. This complex environment has catalyzed a shift in project financing strategies, pushing developers and investors toward more flexible and innovative solutions as alternatives to traditional long-term bank financing. In addition to such a trend driven by higher lending costs, some lenders are prepared to provide a range of financial instruments tailored to various stages of project development, including very early development stages.

Foremost among these emerging structures is construction bridge financing. Unlike traditional financing models, this type of financing is not always secured by contracted revenues – i.e., power purchase agreements (PPA) or contracts for difference auction support. It serves as a transitional financial tool, offering liquidity during the construction phase and not necessarily focusing on the source of repayment after completion. Such flexibility allows developers to adapt to market conditions and project-specific demands without being constrained by rigid financial arrangements. This type of financing is quite common in certain Western Europe markets and its increasing popularity locally confirms that the Polish RES market is maturing. Mini-perm financing usually spans three to seven years and is secured by contracted revenues (though the PPA may be a short-term contract). It offers a strategic interim solution between construction and long-term financing. This option allows developers to stabilize their projects, optimize operations, and enhance financial performance before securing more permanent funding arrangements. By providing this temporary financial bridge, mini-perm financing supports developers and investors in achieving operational maturity and financial stability. This type of financing is particularly appealing for projects looking to capitalize on more favorable market conditions in the near term.

Alongside the short-term options mentioned above, it's also important to highlight grid deposit financing. This mechanism addresses the initial capital requirements needed to secure grid connections – a critical element in the early phases of RES projects. Essentially, grid deposits are payments made by developers to grid operators to guarantee access to the electrical grid for their projects. These deposits ensure that the necessary infrastructure is in place to support the transmission of energy once the project becomes operational. Importantly, once the project reaches completion and begins operation, the grid deposit is typically returned to the developer. The funds from this return can then be used to repay the initial loan, providing a seamless financial cycle that supports both development and repayment. Pre-ready-to-build (pre-RTB) financing has also gained significant traction. This form of financing provides the essential funds required to complete pre-construction activities, including permits and design work. By bridging the gap between project conception and actual construction, pre-RTB financing enables developers to advance their projects to a more mature stage, attracting further investment. This early-stage funding is crucial for maintaining momentum and ensuring the project remains on schedule. The rationale for pre-RTB financing typically applies only to vast portfolios, with some projects failing to secure grid connections and funding, while others succeed.

The evolution toward these diversified financing structures has been accompanied by the increasing presence of alternative (private) debt providers. These entities, driven by a nuanced understanding of the RES sector's unique requirements, offer bespoke solutions tailored to specific project needs. For instance, the recent establishment of Eiffel Investment Group's office in Warsaw underscores the growing significance of private debt in Poland's RES market. The activity of private debt providers introduces a dynamic element, offering fresh perspectives and competitive alternatives to traditional banking institutions.

This shift in financing paradigms reflects a broader acknowledgment of the distinct challenges and opportunities inherent in RES projects. As technological advancements and sustainability imperatives continue to reshape the energy landscape, innovative financial solutions have become indispensable. They are particularly essential for this market, characterized by very high capital expenditures at the beginning and relatively low opex during operation.

In summary, Poland's RES sector has transitioned to a mature stage of development. The advent of short-term and early-stage finance, coupled with the growing role of private and alternative debt providers, is reshaping the financial landscape. This evolution not only supports the industry's expansion but also aligns with Poland's commitment to a sustainable energy future – a future that looks bright as new financing options continue to drive innovation and growth, paving the way for a more sustainable and energy-efficient Poland. ●

INSIDE INSIGHT: PAWEL SZCZEPANIAK OF MBANK

By Teona Gelashvili

mBank Deputy General Counsel Pawel Szczepaniak talks about his path to banking and reflects on how his varied background continues to shape his approach to complex legal challenges.

CEELM: Tell us a bit about yourself and your career path leading up to your current role.

Szczepaniak: Interestingly, my path to law wasn't obvious from the beginning. I was quite talented in math, even winning a national math competition in primary school, which led me to attend one of the best math-focused secondary schools in Poland. For a time, I thought architecture might be my future, influenced by my strong interest in design and structure. However, I later shifted gears after some conversations with my mother, who worked in finance. I was drawn to both finance and law and ultimately chose to study law – a decision that has been incredibly beneficial in my current role. My background allows me to communicate effortlessly with finance professionals, which has become a valuable asset in our work.

Early in my studies, I tried various areas of law by gaining practical experience with international law firms. I worked in real estate, insurance, litigation, and a few other fields, but banking and finance truly resonated with me. I enjoyed the work, found it engaging, and decided to pursue it as my career. Today, every new project brings a sense of excitement, which is why I advise young professionals to find what genuinely excites them. It's so much more rewarding to pursue something you're passionate about, and that motivation comes through in your work.

Like many, I didn't know exactly what I wanted to do from the start, and it took me some time to be sure this was the right path. Ultimately, law proved to be a fascinating and fulfilling field for me.

CEELM: What was the biggest shock when transitioning to the in-house world? On the flip side, what was the most pleasant surprise?

Szczepaniak: My legal journey began at Clifford Chance during my final year at university, where I gained hands-on experience working on high-level projects. Working in an international law firm allowed me to develop practical skills, from drafting agreements and legal documents to conducting thorough research. This practical side of law isn't always emphasized in academia, which tends to be more theoretical, so I valued the opportunity to build a practical toolkit early on.

For five years, I worked across various international law firms and funds before joining mBank (at the time, BRE Bank) in 2009, during the financial crisis. This was a defining moment. The opportunity to contribute to the bank's legal efforts to secure its post-crisis position was both challenging and rewarding. Working in-house gave me a broader perspective on business, finance, and the operational side of a company – an aspect that I found especially compelling and hardly visible

from a law firm perspective. It felt like my skillset was perfectly aligned with the needs of the bank, and I've enjoyed developing my career in this direction ever since.

CEELM: How large is your in-house team currently, and how is it structured?

Szczepaniak: I currently serve as the Deputy General Counsel at mBank, where we have a team of about 60 lawyers. The team is divided into three main areas: retail, investment, and finance, which then break down into six divisions. Each division has a deputy head who reports either to me or directly to the General Counsel. Although we have a clear structure, we promote flexibility and encourage our team members to work outside their immediate areas. This not only broadens their experience but also fosters collaboration on complex projects that require a multidisciplinary approach. Our institution is very client-oriented, so this flexible setup helps us provide tailored, innovative solutions, from which we are proudly recognized in the market.

CEELM: What has been keeping you and your in-house team busy over the last 12 months? What about the upcoming 12 months?

Szczepaniak: The past year has been packed with regulatory projects and transactional work, especially within green financing and financing obtained for us as the issuer with several landmark deals, including a notable top two largest securitization transaction ever from Poland and the issue of non-preferred senior green bonds (NPS) based on the Green Bond Principles. The issue with a nominal value of EUR 750 million is the largest issue of NPS green bonds placed by a Polish bank in history and the largest bond issue in the mBank Group.

Additionally, we dedicated significant resources to ESG and sustainability transition financing, not only providing green financing to our clients but also conducting active campaigns to educate clients and potential clients on climate transformation. For the year ahead, we anticipate more of the same, as the regulatory landscape and sustainability requirements continue to evolve.

CEELM: How do you decide if you are outsourcing a project, and when picking external counsel, what criteria do you use?

Szczepaniak: We frequently collaborate with external experts, especially for specialized areas that require niche knowledge or an international perspective. Our policy outlines when and how to engage external counsel, and we select firms based on the specific expertise needed for a project.

Additionally, we dedicated significant resources to ESG and sustainability transition financing, not only providing green financing to our clients but also conducting active campaigns to educate clients and potential clients on climate transformation. For the year ahead, we anticipate more of the same, as the regulatory landscape and sustainability requirements continue to evolve.

We're open to collaborating with a range of external law firms. While we have established relationships with some trusted firms, we also welcome new firms, especially those that distinguish themselves, for instance, with insightful seminars or effective negotiation skills. We review our panel of external law firms annually, ensuring they meet specific criteria aligned with our needs, and we share this information internally with our business partners.

CEELM: What do you foresee to be the main challenges for GCs in Poland in the near/mid future?

Szczepaniak: For us at mBank, ESG and sustainable finance will remain top priorities, particularly as we are a market leader in funding projects in renewable energy, green finance, and other environmentally driven areas. We're fully committed to supporting new technology solutions and sustainable financing for our clients. Looking ahead, we also have some exciting transactions in the pipeline, including the first Additional Tier 1 (AT1) issuance ever from Poland, which, if all goes well, should be finalized soon.

Beyond ESG, artificial intelligence is one of the most prominent emerging challenges, especially with the surge in interest in generative AI in the financial sector. Meeting rising consumer expectations – especially in retail banking – means incorporating AI solutions that are both practical and compliant. This requires not only understanding the technology but also navigating the regulatory landscape. AI and other new technologies are already reshaping how we structure our legal department, as we consider integrating these tools to optimize internal processes. In the next three to five years, we expect to see a significant evolution as we begin implementing these technologies based on our current evaluations. Rapid changes in tech are pushing us to go deep within our internal processes to ensure we remain adaptable, efficient, and at the forefront of these advancements. This is in line with our strategy, which motto is defined as "from the icon of mobility to the icon of possibilities." ●

KNOW YOUR LAWYER: BARTOSZ MISZKURKA OF SOLIVAN

Top 5 Projects:

- Advising Meinl European Land RE Fund on the acquisition of a portfolio of seven shopping centers in Poland from Echo Investment S.A.
- Advising Catalyst Capital on the acquisition of an office building through the acquisition of shares in a very complex corporate structure and with elements of re-financing
- Advising LiuGong Machinery on the acquisition of a part of the production business in the HSW S.A.
- Advising the Orco property group on the permitting process, construction, and sale of the Zlota 44 residential tower
- Advising BGK (Bank Gospodarstwa Krajowego) on the first PRS project on the Polish market and standard legal documentation

Education:

- London School of Economics and Political Science; LLM; 1998
- College of Europe; MA in European Studies; 1997
- University of Warsaw; MA in Law; 1995
- University of Silesia in Katowice; Faculty of Law, BA; 1995

Career:

- BTA Solivan; Founding Partner; 2012-present
- Deloitte Legal; Partner Associate; 2010-2012
- KPMG Legal; Partner Associate; 2008-2010
- GFKK B. Miszkurka and Associates; Managing Partner; 2007-2008
- Linklaters; Managing Associate; 2002-2007
- Clifford Chance; Legal Trainee; 1999-2002

Favorites:

- Out of office activity: road cycling, cyclo tourism, brevets, gardening work at the farm, learning Spanish
- Quote: "Life is like riding a bicycle. To keep your balance, you must keep moving." – Albert Einstein
- Book: *Les Bienveillantes* by Jonathan Littell
- Movie: *Everybody's Fine* (2009) by Kirk Jones

CEELM: What would you say was the most challenging project you ever worked on and why?

Miszkurka: Without a doubt, real challenges arise when you are a novice lawyer, with too little experience and someone has entrusted you with a task that attracts media attention, is pioneering, requires a great deal of practical non-legal knowledge. This was the situation I found myself in when I was at the beginning of my career fresh from passing the bar exam. The project was the design, obtaining all necessary planning and building consents, and commercialization of the Zlota 44 (Daniel Libeskind's design) high-rise residential project – a project which won many national and international awards including at the *International Property Awards London* and the *City of Warsaw* award. In 2024, a record was set as one of the flats in the Zlota 44 building achieved the highest price on the Polish market and was sold for almost EUR 6 million. The complex nature of the project meant that it was the first of its kind in Poland and the lawyer's role was to verify all the *creative* ideas that arose as a result of weekly project meetings and brainstorming. We had to defend the project against protesters and those behind them who used legitimate legal means but in fact were engaging in blackmail aimed at financial gain.

CEELM: And what was your main takeaway from it?

Miszkurka: The most valuable experience was the unique opportunity to participate in the creative process of designing, negotiating, building, and selling from a business perspective. I was deeply embedded in a process in which lawyers are not often involved from the very beginning.

CEELM: What is one thing clients likely don't know about you?

Miszkurka: I pay great attention to good and practical architecture. I have successfully managed several private building projects and I think that my true vocation would be to set up a property development company. I like to see tangible projects come to life and how they function afterward.

CEELM: Name one mentor who played a big role in your career and how they impacted you.

Miszkurka: Right after passing the bar exam, I ended up in the real estate department of Linklaters managed by Jonathan Gimblett – an English-qualified lawyer. Working with Jonathan, I learned how to concisely and understandably define and describe legal risks in a way that is understandable to English-speaking clients. There, I was supervised by Artur Kulawski who was then a Partner at Linklaters. Artur was an example of a very efficient, experienced lawyer able to manage large transactions. From the very beginning, I enjoyed a high degree of independence in working on projects and, on the other hand, I could always count on help and support. I very much appreciated the way he managed our team and the calmness which was very important in this very tense working environment.

CEELM: Name one mentee you are particularly proud of.

Miszkurka: I always have good memories of working with Darek Zboch, with whom I had the opportunity to work for many years on very complex real estate transactions before he decided to change his specialization for which I appreciate him very much. He is a very hard-working person who was always looking for new challenges and was able to adapt to the changing legal environment (in his case, the law of new technologies and renewable sources of energy).

CEELM: What is the one piece of advice you'd give yourself fresh out of law school?

Miszkurka: Do not be uncritical toward template contracts and documents, even if they come from reputable law firms, and always try to verify and improve them. ●

MARKET SPOTLIGHT: CROATIA

ACTIVITY OVERVIEW: CROATIA

The Firms with the most Deals covered by CEE Legal Matters in Croatia, between November 16, 2023, and November 15, 2024.

1.	CMS	8
	Schoenherr	8
3.	Savoric & Partners	6
4.	Divjak, Topic, Bahtijarevic & Krka	5
5.	Kinstellar;	4
	Mamic Peric Reberski Rimak;	4
	Vukmir & Associates	4

CROATIA'S UPCOMING REAL ESTATE TAX REFORM

By Andrija Djonovic

As Croatia prepares to implement a new real estate tax, Ilej & Partners in cooperation with Karanovic & Partners Partner Franka Baica, BDV Legal Partner Vladimir Batarelo, and CMS Partner Tamara Jelic Kazic talk about its objectives, potential impacts, and how property owners and investors should respond.

Returning Real Estate to the Residential Market

"The primary objective of the real estate tax is to promote a more equitable tax structure among property owners and to equalize the tax burden between short-term and long-term rentals, thereby encouraging long-term rentals as a more stable form of property usage," Baica explains. "By targeting unutilized properties, the government intends to encourage sustainable property development and stabilize the real estate market, which could potentially lead to lower prices as well as broadened accessibility of housing. Furthermore, one of the objectives is to generate more revenues for local governments."

Batarelo highlights the layers of the reform. "First, municipalities retain their autonomy to set rates, with the range adjusted from EUR 0.60-5.00 to EUR 0.60-8.00 per square meter. Significantly, municipalities will now receive 80% instead of 100% of revenue, with 20% going to the state budget. This might prompt moderate rate increases to maintain current revenue levels," he explains. He notes that the reform makes the tax mandatory across all municipalities. "Tax administration data shows 95 local government units currently don't implement it. These municipalities must introduce the tax, retaining the freedom to set rates within the range, defaulting to EUR 0.60 if they don't act." According to him, "the legislation aims to address approximately 600,000 vacant residential units and standardize property taxation across Croatia." Given the moderate rate changes, he expects "the market impact to be more administrative than financial for areas already implementing the tax."

Jelic Kazic adds that "the main objective of the new real estate tax is to improve the housing situation and correct the market imbalances by returning vacant real estate and short-term rentals to the residential real estate market." However, she warns that the reform is "being implemented without a comprehensive housing strategy," and that, in the absence of precise calculations, it is "impossible to estimate the effect of these changes to the real estate market, especially considering that other non-tax measures may be implemented at a later stage."

R.E.thinking Investment Strategies

"By taxation of properties that are either rented out for short-term or vacant, the government expects the new tax should stimulate the property owners to put their unused or rarely used properties to a functional use," Baica observes. "The overall investment landscape may turn to projects that offer consistent returns rather than quick gains, potentially leading to more stable and responsible investment practices."

Batarelo notes that "both foreign and domestic investors will face the same rules, with the main change being consistent application across Croatia. The rate structure remains relatively moderate, so the impact should focus more on compliance and documentation requirements than increased costs." Moreover, he adds that the exemption for long-term rentals of 10 months or more "provides planning opportunities for investors who may want to restructure their holdings."

Jelic Kazic points out potential shifts in investment preferences, adding that "the tax liability will depend on the square footage of the real estate; this may result in less investment in larger houses. Lessors, especially foreign investors, may opt for smaller apartments to reduce their tax burden." She notes that while more real estate may become available for targeted groups, overall investment in the sector might decrease.

Can Taxation Alone Achieve the Goal?

Baica expresses cautious optimism about increasing housing availability for young families. "If the reform effectively restricts short-term rentals and enhances the affordability of real estate, it could lead to a greater focus on housing projects for young families. The generated revenue could fund public housing initiatives or subsidies for first-time homebuyers, further fostering accessibility," she explains. "However, achieving this goal depends on the efficacy of the implementation and how the local government will prioritize the use of tax revenues."

Franka Baica, Partner, Ilej & Partners in cooperation with Karanovic & Partners

Tamara Jelic Kazic, Partner, CMS

Vladimir Batarelo, Partner, BDV Legal

Batarelo offers a pragmatic viewpoint. "As a tax practitioner, I have to be realistic about what tax measures alone can achieve. Given the moderate rate changes, any direct impact on housing availability will likely be limited. However, the standardized implementation across all municipalities, including those that previously had no such tax, combined with clearer enforcement mechanisms, might encourage some property owners to either sell or rent out currently vacant properties," he posits. "The long-term rental exemption could particularly help create more stable rental options. But this is just one piece of a broader housing policy puzzle."

Jelic Kazic, however, remains skeptical. On the one hand, "it is certain that some owners will start renting out their vacant real estate, and the rental market may improve to an extent. However, data on the vacant real estate in Croatia is not reliable because of a lot of illegal renting, and legalizing these arrangements will only seemingly increase the market share of long-term rentals," she says. "On the other hand, the proposed tax effect will probably not motivate those who hold real estate as a long-term investment."

Potential Rise in Prices

However, there might be unintended consequences. "While the tax aims to regulate the market, it may inadvertently lead to increased property values as well as higher rental prices, especially in areas heavily burdened by the new taxes," Baica cautions. "Property owners might be compelled to raise rents to offset added costs, potentially aggravating housing affordability unless the market adjusts effectively."

Focusing on risks, Batarelo adds that "the most immediate impact might be felt in municipalities that previously did not levy the tax. In these areas, we might see some adjustment in property values to reflect the new tax burden." His take is that "the revenue-sharing mechanism, where 20% goes to the state budget, could affect local government policies. There is also a risk that some owners might attempt to pass on costs through increased rents, although the long-term rental exemption might help mitigate this."

Jelic Kazic highlights challenges for certain properties. "An unintended consequence could be a sudden increase in rent prices as lessors will try to compensate for the loss of profit from switching to long-term rentals. In addition, some real estate is simply not suitable or attractive for long-term rentals, mainly due to their location – for example, rural areas where real estate is usually rented on a short-term basis." According to her, this means that owners of such properties are forced to choose between selling them or paying taxes that may make renting unprofitable.

Preparation Is Key

All three agree that property owners and investors need to take strategic steps to prepare for the upcoming tax changes. "Property owners and investors should proactively assess their current assets and potential liabilities," Baica advises. "By better understanding the tax implications and necessary adjustments, they should develop a strategic approach that includes diversifying investment portfolios."

Jelic Kazic underscores the importance of awareness as well. "The best way to prepare is to be aware of the upcoming changes. Basically, a taxpayer will be any domestic or foreign, natural or legal person who owns real estate in Croatia, which is not used for permanent living arrangements."

Finally, Batarelo stresses three aspects to keep in mind. "First, documentation – the requirements for proving exemption status, particularly for primary residences, are quite specific. Second, timing – the March 31, 2024 reporting deadline is crucial, and the penalties for non-compliance are significant. Third, structure – particularly for our clients with multiple properties, we are reviewing whether their current holding structure optimizes their position under the new rules," he explains. ●

WHO ARE YOU TALKING TO?
NEW LOBBYING LAW IN CROATIA

By Andrija Djonovic

Ostermann Ivancic Managing Partner Mojmir Ostermann and Divjak, Topic, Bahtijarevic & Krka Attorney at Law Dominik Glavina look at Croatia's new lobbying law and the challenges it poses for businesses engaged in regular talks with public organizations.

A Long Time Coming

"The subject of lobbying regulation is not new in Croatia – in fact, it has been on the legislator's radar for over a decade," Ostermann begins. "Additional incentives came from the recommendations of the European Commission and the Group of States against Corruption, but many find that the ultimate impulse was from the OECD and the eagerly awaited joining of Croatia to that organization."

Ostermann emphasizes that the main goal is to make the decision-making process more transparent. "Who are the members of expert groups in the legislative procedure; whose interests are taken into account while passing laws; how and with whom do the authorities make deals; based on which criteria is public money is invested in private companies – all of these matters and many more have been mostly hidden from the public."

Glavina adds that this is the first time that lobbying activities have been regulated in Croatia. "The main reason for such regulation is the implementation of the *Croatian Government's Anti-Corruption Strategy 2021-2030*, which identified the areas of lobbying activities and conflict of interest in public bodies as the ones in which the integrity of the public officials should be strengthened." He notes that, in line with international standards and recommendations, "Croatia adopted the *Lobbying Act* representing an important step forward in the implementation of anti-corruption policy and preventive anti-corruption action."

Lobbying or Daily Business

While the law aims to promote transparency, certain aspects may pose challenges for businesses in interpreting and complying with the new regulations. "An important challenge with the new act is that the definition of lobbying can be interpreted in more than one way," Ostermann points out. "For this reason, some companies may not be sure whether their planned or current activities even fall within the scope of the *Lobbying Act*." For example, he outlines that "it is currently unclear whether pharmaceutical companies should be subject to the *Lobbying Act* in the process of determining the list of medicines covered by health insurance." Advising caution, Ostermann stresses that "companies which ultimately determine they are in fact subject to the *Lobbying Act* should be aware that, in relation to the competent authority, the lobbyists cannot refuse to provide information about lobbying by invoking professional secrecy." Glavina echoes these concerns. "Since the *Lobbying Act* prescribes a broad definition of lobbyists, there are a lot of aspects that businesses should now take into account as there are industries – mostly regulated ones – in which communication with public officials is occurring as part of its daily business." He emphasizes that businesses will face challenges in understanding what actions would be considered as lobbying as well as which persons are considered as lobbied persons under the act.

Importantly, understanding how Croatia's law stacks up internationally can provide context and help businesses prepare

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Mojmir Ostermann,
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Ostermann Ivancic

better. Ostermann notes that "Croatia was one of the last countries in the region to officially regulate lobbying. Slovenia has regulated the profession since 2010, Montenegro since 2012, Northern Macedonia 2008, and Serbia since 2019." Highlighting some of the differences, he says that, "same as in Croatia, registration and reporting in Slovenia is obligatory for all lobbyists. However, unlike in Croatia, lobbyists in Slovenia are obligated to include financial information in their yearly report (amounts received by the client, donations to political parties)." And, in Montenegro, "all lobbyists are required to pass an exam with the Agency for Prevention of Corruption." Ostermann suggests that for Croatia to fully meet international recommendations, "some find it necessary to include the obligation of lobbied persons to keep records of their meetings with lobbyists, which should be publicly available, as is the case with the officials of the European Commission and representatives in the European Parliament."

Glavina observes that the act could be considered part of the group with stricter lobbying provisions in the EU. "It has a broad definition of lobbyists, the mandatory framework includes both executive and legislative branches, prescribes mandatory reporting of interactions with lobbied persons, however without their publication, and has set up independent authority oversight."

Ambiguities Causing Compliance Concerns

The ambiguities of the act may ultimately affect compliance. Identifying specific issues, Ostermann notes that an "ambiguity can be found in the obligatory content of the lobbyist's report, which, among other information, must include the 'indication' of the lobbied person, which makes it questionable if the lobbyist should state the name of the contacted public official or including only their position is sufficient." He also notes that "The act does not specify whether the content of the lobbyists' reports will be made public and, if so, to what extent, nor does it indicate how the competent authority will verify the accuracy and completeness of the reports. The competent authority has not yet published any guidelines with regards to these issues."

Agreeing that ambiguities will hinder compliance efforts to a certain extent, Glavina adds that "this especially applies to businesses in regulated industries since their daily business consists of their communication with the public officials that might be caught by the definition of the lobbied persons under the *Lobbying Act*." He expects that the Commission for the Resolution of Conflicts of Interest, as the competent authority, will provide interpretations. "Once the Commission identifies the ambiguities of the act in practice, we believe the provided interpretations should be reflected as amendments to the act."

Staying Ahead of the Curve

Navigating the new lobbying landscape requires proactive measures and strategic planning. Ostermann advises that "it is important to keep in mind that the *Lobbying Act* prescribes obligations not only for professional lobbyists, but also for in-house lobbyists and professional associations." He suggests that companies should "make a thorough analysis and seek legal advice if they suspect that the act could apply to them and their employees or associates." Despite the relatively low financial fines, "the reputational risk is certainly not negligible." Moreover, he recommends "keeping track of the competent authority's opinions." Given that lobbyists cannot invoke professional secrecy when prompted for additional information by the competent authority, "it is probably a good call to review what information is given to the lobbyist and if any of it constitutes professional secrecy which is not really necessary for their activities," he adds.

"Businesses should first assess their position in terms of their interaction with the public officials," Glavina says, suggesting a strategic approach. "Following their assessment, the businesses should decide whether they will engage the professional lobbyists, or they will instruct their employees to register as in-house lobbyists – this decision mostly depends on the level of interaction between the businesses and the public officials." He adds that for businesses with daily interactions, it should be operationally easier to "register their employees as in-house lobbyists in order to be compliant while remaining business-oriented." ●

MARKET SNAPSHOT: CROATIA

Hydrocarbons Seeking Their Place Under the Croatian Sun

By Josip Marohnic, Partner, and Filip Majcen, Senior Associate, Marohnic, Tomek & Gjoic

Even though renewables have been very popular in Croatia for quite some time, the good old hydrocarbons are once again creating a significant buzz.

The Pannonian Basin, partly located in Croatia, has long been recognized for its above-average hydrocarbon gradient and strong extraction potential. However, it was only after recent seismic surveys and mapping were completed that investors chose to pursue further exploration.

In May 2023, the Croatian government launched an "open-door" procedure, inviting interested companies to review relevant data at the Croatian Hydrocarbons Agency, which oversees the process. The Government of the Republic of Croatia has announced a bidding round to grant licenses for onshore hydrocarbon exploration and production. This round covers designated areas of the Croatian mainland, divided into three exploration blocks in the regions of northwest Croatia, central Croatia, and southern Slavonia, with a combined area of 5,423.33 square kilometers. For these areas, a database with extensive 2D and 3D seismic data is available to all potential investors.

There are two bidding deadlines each year: one ending on March 31 and another on September 30. Selected bidders will be granted licenses for hydrocarbon exploration and production at certain blocks.

The exploration period may last up to five years, with the option for investors to extend it twice for six months each time. This bidding round requires bidders to divide their bids into two exploration phases: an initial three-year phase and a subsequent two-year phase.

Upon the completion of the first exploration phase, investors must relinquish 25% of the exploration block initially granted to them under the exploration and production license. After the second exploration phase, they must relinquish the remaining portion of the block, excluding any designated appraisal areas (defined in the appraisal work program) or areas where exploitation fields have been established.

In recent months, three companies have announced natural gas discoveries across four mining fields, along with an oil and gas discovery in an additional field. In November 2023, a state-owned oil and gas company reported a successful natural gas discovery with a maximum daily output of 145,000 cubic meters, marking the first of five planned phases in an area designated as DRAVA-03.

In March 2024, a joint venture between a state-owned oil and gas company and a Canadian oil and gas company announced the discovery of oil and gas at the Zbjegovaca-1 East exploratory well, located in the SAVA-07 exploration area, about 10 kilometers east of Kutina. The SAVA-07 area spans most of the Sisak-Moslavina and Bjelovar-Bilogora counties, with a smaller section extending into Pozega-Slavonia County, covering a total area of 2,032 square kilometers. Production is expected to begin in 2025, with an anticipated operational period of 20 years. Total reserves of the newly discovered hydrocarbons are estimated at 4.4 million barrels of oil equivalent, positioning the Zbjegovaca field among the top five hydrocarbon fields in Croatia based on total of proven and probable reserves.

Additionally, a Canadian company discovered a natural gas field in the Sava-10 area, where test production commenced in July 2024. With a daily output capacity of 400,000 to 500,000 cubic meters, this represents 20% of Croatia's total natural gas production.

Last but not least, an important discovery was announced in September this year. A subsidiary of an American oil and gas company found a new natural gas field with an estimated potential daily output of 160,000 to 320,000 cubic meters. If fully realized, this could account for approximately 10% of Croatia's current natural gas production.

Recent discoveries have once again confirmed that onshore hydrocarbon exploration in Croatia is highly attractive and capable of providing a significant supply of natural gas. In these challenging times, when energy self-sufficiency is of critical importance, further exploration, both onshore and offshore, is expected to continue. With a robust regulatory framework, extensive 2D and 3D seismic data coverage, and a track record of successful discoveries, Croatia is well-positioned for further hydrocarbon developments in the years ahead.

Future of the Legal Landscape for Crypto-Assets in Croatia

By Ivan Simac, Partner, Halle & Simac

Currently, the *Croatian AML Act* (*Official Gazette no. 108/2007, 39/2019, 151/2022*) uses the term "virtual assets," while the *Markets in Crypto-Assets Regulation* (MiCA) (*EU Regulation 2023/1114*), along with subsequent *Implementing Act for MiCA* (*Official Gazette no. 85/2024*) adopted by Croatian Parliament in July 2024), uses the term "crypto-assets." Clearly governing the same, the terms used are similar, but slight nuances persist in definitions. Yet, inconsistency of legal terms should be avoided to prevent misinterpretation and confusion in legal applications.

MiCA was unanimously welcomed by prominent Croatian financial and legal commentators as the first globally significant comprehensive framework for crypto-assets for taking best practices already found in financial market regulations and applying them to the crypto industry. However, it is exactly these "best practices" in response to various money laundering and tax avoidance schemes that plague the current financial system. This may impede, delay, or even prevent certain innovations available through blockchain technology. MiCA is, perhaps justifiably, a conservative approach to an innovative industry. However, its burdensome requirements, stringent authorization requirements, and complex and costly compliance demands combined with the lack of established guidelines may deter entrepreneurs in Croatia, as locally available capital is limited for startups.

Nevertheless, MiCA's framework is a European one and provides a unique opportunity for Croatia if it is willing to take an active, constructive approach to supporting domestic companies. Globally, adoption rates of crypto-assets have largely been driven by either a desire to preserve capital or a need to mitigate the devaluation of money and labor. While neither truly applies in Croatia, due to its small size and the Croatian Financial Services Supervisory Agency's (HANFA) cautious but positive approach, Croatia may be in a better position than larger EU countries to take a lead in interpreting and applying MiCA's concepts and standards. For Croatia, this provides an opportunity to counter broader negative trends of declining population. The strategic decision to use MiCA as a capital-attracting political tool may prove invaluable for capturing the lion's share of the forthcoming capital investments in the crypto industry over the next decade. An active pro-crypto stance may position Croatia well in the EU and on the global crypto policy level and it may provide tangible benefits to its citizens, expand potential tax revenue streams, and create an innovation-friendly business environment. However, choosing to become an early adopter state will require more active internal political discussions.

Despite some media reporting on the "widespread adoption of crypto in Croatia," there is a general lack of understanding of basic relevant concepts. Paradoxically, the adoption of crypto-assets as alternative financial instruments in Croatia is less likely precisely because Croatia has a relatively developed financial and banking system, well integrated into the EU and global financial markets. Most Croatians with any significant investments are mostly older (over 45) and generally are quite skeptical of crypto. With the constant devaluation of the official currency, younger people find it increasingly difficult to save or invest (most notably in real estate, which has been, by far, the most popular traditional way to invest). As a result, younger generations are more inclined to explore the crypto space and its potential applications beyond finance.

The current legal framework enables crypto-asset service providers (CASPs) already operating in Croatia to continue their services and may receive preferential treatment in the transitional period until June 2026 over new entrants, who must comply fully with MiCA's stringent requirements. Whether the HANFA and to a more limited extent the Croatian National Bank (HNB) will try to level the playing field is yet to be determined. As per the *Croatian AML Act*, the HANFA currently maintains a register of virtual assets service providers where currently there are eight entities registered, with another 11 awaiting registration. It is exciting to see such strong interest in crypto-assets despite significant administrative requirements and fines prescribed for violations by the *Croatian AML Act*, with even bigger fines (up to EUR 5 million or 5% of annual revenue) prescribed by MiCA. However, as worldwide traditional financial entities are increasingly realizing that crypto-assets are not a passing fad, it seems only a matter of time until incumbent Croatian financial heavyweights take the main stage in the local crypto industry.

Finally, the speed with which the HANFA and the HNB adopt a number of technical regulations clarifying the legal landscape for CASPs will be critical. Laudably, the HANFA exhibits a positive attitude toward the crypto industry and provides hope for a national support framework for entrepreneurs to be positioned to serve customers in the entire EU. Whether the Croatian government recognizes the potential of its crypto-assets policy remains to be seen.

Croatia's M&A Landscape in 2024: Sustainability and Energy as Key Drivers

By Martin Hren and Sandra Tomaskovic, Partners, Hren Tomaskovic Law Firm in cooperation with Nlaw

The Croatian M&A market in 2024 is experiencing significant changes, largely driven by two key factors: the rise of sustainability and ESG considerations alongside a notable surge in energy-sector transactions. These trends reflect both global movements and Croatia's commitment to the EU's broader climate goals.

ESG as a Game-Changer in Corporate Transactions

In 2024, Croatia introduced significant regulatory changes with the implementation of the *Corporate Sustainability Reporting Directive* (CSRD) into national law by amending the *Accounting Act*, *Audit Act*, and *Capital Markets Act*. These regulatory changes mandate large EU companies, listed SMEs, and non-EU entities with significant operations in the EU to disclose detailed sustainability information, adhering to European Sustainability Reporting Standards and the "double materiality" framework, which evaluates both financial performance and the ESG impacts of their activities.

For acquirers, understanding a target's ESG performance has become a critical part of the due diligence process. Beyond mitigating regulatory risks, a target's commitment to robust ESG practices can enhance its valuation and appeal to socially conscious investors. Companies with strong ESG credentials are now seen as more resilient, innovative, and positioned for long-term financial success. Practical ESG due diligence involves assessing a company's carbon footprint, waste management practices, governance structures, and labor standards. Neglecting these areas can result in transaction delays, legal complications, or even the collapse of a potential deal, emphasizing the importance of integrating ESG criteria into the investment decision-making process.

The Energy Sector: A Hotspot for M&A Activity

Alongside the ESG shift, Croatia's energy sector has seen a significant uptick in M&A activity. The country has set ambitious renewable energy targets under the EU's *Fit for 55* package and the *REPowerEU* plan, aiming to significantly expand renewable capacity by 2030, including 2,000 megawatts each of wind and solar power. Offshore wind and floating solar projects are seen as particularly promising opportunities.

Investors are attracted to the sector not only for its strong returns but also because renewable energy projects align well with ESG-focused investment strategies. The EU's Modernization Fund, which provides financial incentives for sustainable energy projects, further enhances the sector's appeal. Consequently, the energy sector is experiencing increased M&A deals, with companies holding established renewable portfolios or strategic development rights becoming prime acquisition targets. Cross-border transactions are expected to rise as international investors seek to capitalize on Croatia's renewable energy boom.

ESG Integration and Challenges in Energy M&A

Despite the potential, integrating ESG considerations into M&A transactions presents challenges. One major hurdle is the absence of standardized metrics for measuring ESG performance, which can complicate the evaluation process. Furthermore, aligning ESG objectives across different organizational cultures can be particularly challenging in cross-border deals. The energy sector in Croatia faces significant regulatory obstacles that complicate M&A deal execution. Bureaucratic inefficiencies, such as lengthy permitting processes and inconsistent policy implementation, have caused delays in renewable energy projects. For example, projects totaling 1,300 megawatts, valued at EUR 1.2 billion, have been stalled due to the Croatian Energy Regulatory Agency's (*Hrvatska energetska regulatorna agencija*) failure to set grid connection fees. These delays create additional risks and complexities for acquirers.

Looking Ahead: 2025 Energy Legislation and ESG Compliance

In 2025, Croatia is expected to undergo significant reforms in its energy legislation aimed at accelerating the development of renewable energy projects. These reforms align with the EU's broader efforts to streamline permitting processes and address delays within the current regulatory framework. In the coming years, Croatia will see the continued implementation of both the CSRD and the new *Corporate Sustainability Due Diligence Directive*. This will further shape the M&A landscape, pushing companies to align their strategies with ESG criteria while contributing to broader climate goals.

Conclusion

The Croatian M&A market in 2024 is being significantly reshaped by the dual impact of ESG integration and a surge in energy-sector deals, reflecting both global trends and Croatia's commitment to EU climate objectives. Companies that effectively adapt to these trends will not only enhance their market competitiveness but also contribute to Croatia's climate goals. The convergence of ESG and energy-sector dynamics will continue to influence M&A strategies, urging companies to adopt more sustainable practices while capitalizing on Croatia's renewable energy potential.

Croatian Energy Laws: A Step Behind Entrepreneurial Ambitions?

By Tomislav Halle, Partner, Head of Energy Practice, Halle & Simac

Energy law in Croatia is governed by a series of laws and regulations designed to ensure energy security, promote renewable sources, and support environmental protection. The key legal framework in the energy sector in Croatia includes the *Energy Act* (*Zakon o energiji*, *Official Gazette no. 120/12, 14/14, 95/15, 102/15, 68/18*) and the related *Energy Development Strategy of the Republic of Croatia until 2030, with a view to 2050*, adopted on February 28, 2020. The *Energy Act*, which has seen a few amendments since its adoption, is still slowly trying to meet the challenging EU requirements in terms of the green transition, which emphasize renewable energy integration, energy efficiency, and environmental responsibility.

In accordance with the amended *EU Renewable Energy Directive* (*EU/2023/2413*), the Croatian Ministry of Environment and Energy submitted an amended *Integrated National Energy and Climate Plan for the Republic of Croatia* (NECP) for the period 2021-2030 to the European Commission in June 2024. The NECP's main objective is to set an ambitious target of 36.4% of energy from renewable sources in gross final energy consumption by 2030 and to attract substantial investment across the energy sector, including in hydropower, wind farms, and hydrogen energy. It also supports electric battery production and the renovation and expansion of electricity networks.

Croatian Entrepreneurs in the Energy Sector

Despite being a small country, Croatia has significant potential for renewable energy development thanks to its geographic and climatic conditions. The Adriatic coast, especially regions like sunny Dalmatia, is becoming a prime location for solar energy projects. Additionally, other coastal areas with high wind activity offer favorable conditions for wind energy production.

In recent years, it has been nearly impossible to construct wind farms in Croatia, and Croatia is working to address this problem. In July 2023, urgent amendments to the *Renewable Energy Sources and High-Efficiency Cogeneration Act* (*Official Gazette No. 138/21, 83/23*) were adopted, along with amendments to the *Electricity Market Act* (*Official Gazette No. 111/21, 83/23*). These amendments are crucial for Croatia's development of the electricity market and the construction of new renewable energy facilities. The legislative amendments are expected to significantly accelerate the growth of solar energy projects and the construction of wind farms by enabling simpler and faster processing time for permits – a matter that has caused extended waiting periods for investors in renewable energy projects. The changes aim to support the development of smaller and community-based solar projects, improve incentive systems (such as feed-in tariffs and local subsidies), and encourage energy production from renewable sources.

Furthermore, Croatia has a strong presence in automotive electrification, with companies like Bugatti Rimac and Rimac Technology (both part of Rimac Group) leading in high-performance electric vehicle manufacturing. Rimac Group's investments in innovative projects, such as the fully autonomous robotaxi Verne, demonstrate the potential for integrating advanced technologies into energy and transportation. Through artificial intelligence (AI) and the Verne robotaxi technology, Croatia has an opportunity to modernize its energy sector, enabling smarter use of renewable resources and maximizing green energy utilization.

Also, in a recent expansion, Rimac Technology launched Rimac Energy, a new brand dedicated to stationary energy storage systems (ESS). ESS solutions like those developed by Rimac Energy allow Croatia to store surplus energy generated from renewables like wind and solar, making it available when demand peaks or renewable generation is low.

Another highly innovative project in the energy sector comes from the Croatian company Sunceco. In collaboration with a team of scientists from a local university, Sunceco has developed a lithium-ion battery prototype intended for commercialization and mass production in Croatia. The goal of this project is to produce batteries designed for electric vehicle use.

Practice Is Far Ahead of Legislation

Unfortunately, existing Croatian laws have not yet been adapted to address the specific legal aspects of artificial intelligence, autonomous vehicles, and other technological innovations that are increasingly present in the energy sector.

Rapid technological advancements are underway in Croatia. Although the private sector primarily attracts investments in green technologies, administrative barriers and a lack of infrastructure for sustainable energy slow down their implementation and growth. For Croatia to fully leverage its natural resources and technological innovations and meet EU targets, swift adaptations of the legislative framework are needed to support the demands of the modern green economy. Additionally, for genuine progress, it is essential to modernize legislative frameworks to improve administrative efficiency and strengthen infrastructure support for renewable energy and electrification projects. Through these measures, investors will have greater motivation to invest, which can speed up the energy transition and increase the stability of the sector in Croatia.

GDPR at Six: A Wake-Up Call That's Still Being Snoozed

By Vanda Frcko, Co-Head of TMT, Miskovic & Miskovic

Six years after the introduction of the GDPR, many businesses still treat it as if it were a "new law," a regulation to be addressed later, rather than a priority today. It took years for the GDPR and data protection in general to even make their way onto Q&A lists in legal due diligence, competing alongside other established legal risks when analyzing target companies.

Even years after its implementation, many businesses continue to treat the GDPR as an unfamiliar or optional regulation. This ongoing delay creates a dangerous disconnect, as companies that neglect the GDPR expose themselves to serious risks, major fines, and significant reputational damage.

The significance of the GDPR is becoming increasingly evident, even in major transactions, where the complexity of compliance is reflected in the substantial number of work hours dedicated to addressing data protection concerns. A prime example of this is the issuance of the Republic of Croatia's first retail bond. Given the large number of retail investors involved, the transaction required careful handling of personal data, making GDPR compliance a significant factor throughout the transaction.

Furthermore, the rise in cyberattacks and data breaches only compounds the need for GDPR compliance. As cybercriminals become more sophisticated, companies that fail to implement adequate data protection measures are increasingly vulnerable. Data breaches not only expose personal information but also highlight companies' failure to safeguard their clients' privacy. In today's world of advanced technology, ensuring technical data security should not be a challenge.

The Croatian Personal Data Protection Agency (Agency) has played a key role in raising compliance standards for data protection in Croatia. Its growing influence is evident from its ranking by the European Data Protection Board, which placed the Agency 9th in the number of total fines issued under the GDPR in its 2023 report. This recognition highlights the Agency's proactive approach to enforcing data protection standards, aligning with EU expectations and the increasing public demand for stronger privacy safeguards.

The most common reasons for penalties imposed by the Agency are inadequate technical and organizational measures to ensure information security, lack of a legal basis for data processing, and insufficient fulfillment of information obligations.

In 2023, the Agency imposed a total of 28 administrative fines, amounting to EUR 8.27 million, reinforcing its belief that fines serve as effective, proportionate, and deterrent corrective measures.

Among these, the highest fines ever issued by the Agency were prompted by anonymous complaints, both of which were directed at debt collection agencies as controllers of personal data.

The first of these fines, totaling EUR 2.27 million, was imposed on a debt collection agency for failing to implement appropriate technical and organizational measures to ensure the security of personal data, resulting in a data breach affecting over 130,000 data subjects. Additionally, the data controller failed to provide the required information to data subjects and did not establish appropriate data processing agreements.

The second fine imposed by the Agency amounted to EUR 5.47 million. The controller failed to implement appropriate technical and organizational measures to protect personal data. The controller processed data without determining a legal basis, including data from individuals not in a debtor-creditor relationship, sensitive health data (including data on terminal illnesses), and telephone call recordings. Additionally, the controller did not provide data subjects with transparent information about the processing of their health data and recording of telephone conversations.

An alarming example of blatant negligence emerged when the Agency imposed a EUR 380,000 fine on a sports betting company for multiple GDPR violations. Despite the company's Privacy Policy explicitly stating that it does not store or permit unauthorized access to bank card data, it collected two-sided copies of bank cards without a valid legal basis. Furthermore, it was later revealed that company employees had access to 655 copies of bank cards, displaying full data, out of a total of 2,078 collected.

The aforementioned fines imposed on data controllers highlight the serious consequences of neglecting data privacy. They also reveal a deep and ongoing misunderstanding of what exactly the GDPR entails, as well as a continued carelessness about the topic, even within large companies. As compliance standards grow more rigorous, companies can no longer afford to treat data protection as an afterthought. With stricter enforcement and the growing risks of fines and reputational damage, prioritizing data privacy compliance is no longer optional. It ensures legal security and builds trust with clients. In a data-driven world, companies must act promptly to protect what matters most, both legally and ethically.

The wake-up call is louder than ever – don't snooze it.

Croatian Lawyers and Cybersecurity – Is It Time To Level Up?

By Ema Mendjusic Skugor, Co-Managing Partner, and Anella Bukovic, Senior Associate, Divjak Topic Bahtijarevic & Krka

With the *Cybersecurity Act* entering into force in February 2024, Croatia was, unexpectedly, one of the first EU member states to implement NIS2, and it seems this happened just in time. Throughout this year as well as in 2023, government and financial institutions, companies, and even airports and hospitals were targets of multiple cyberattacks. Unsurprisingly, these resulted not only in temporary loss of availability of crucial services but also in loss of data – at times even life-and-death patient data.

The local *Cybersecurity Act*, while retaining the main principles from NIS2 as well as the risk-based approach, has deviated from it slightly. The most notable distinction is the lack of registration obligation since in Croatia, the act envisions that relevant authorities will notify subjects in-scope on their categorization and obligations, not the other way around. The notifications should be provided by February 15, 2025 – within one year from when the act entered into force, although this deadline will likely be exceeded in practice. The idea was to provide for a gradual implementation of obligations, giving entities in scope enough time to ensure compliance.

The competent authorities for cybersecurity under the act are few, but most power resides with the Croatian Security and Intelligence Agency – a body whose main activity (up to now) was intelligence gathering and national security. This was one of the most disputed elements of the act and one which drew the most public attention. But after a while, the discussion grew quiet. Granted, cybersecurity is not the most interesting subject, but boredom cannot be an excuse for a lack of awareness. Although based on client activity and publicly available information, we could say that the level of awareness is rising – especially after the above-mentioned attacks, which attracted much media attention – it is still not sufficient given the upward trend of attacks and incidents.

This is especially important for lawyers and law firms who, regardless of size, are specific since they are bound by privilege and keep valuable data such as clients' highly sensitive and/or personal data or financial information. This is well noted by cyber criminals too, and lawyers were not exempt from the locally occurring cyberattacks of late. Recent press clippings reported that local authorities just now arrested one of the culprits responsible for attacks that targeted more than 20 law firms, resulting in document leakage and financial loss.

Allegedly, at least some were targeted due to their connections to "high-profile" clients and cases, and their documents were supposedly leaked to the media after the lawyers failed to pay the requested ransom amount. The Croatian Bar Association commented that most attacks were conducted by way of phishing – attempts to gain unauthorized access by sending fraudulent e-mails, and in some cases, the attacks were reported to be quite sophisticated. The Bar, however, did not share any information on the level of IT security that the affected lawyers and law firms had (or did not have). Namely, local lawyers still independently decide which resources they will rely on for the protection of their and, more importantly, client data.

In Croatia, solo practices still make up much of the profession, while corporate law firms are a minority. After the pandemic prompted more governmental digitalization, local lawyers had to adapt and rely more on digital solutions, including web applications and cloud services. However, with this transition, appropriate levels of awareness did not follow. Similarly to grappling with data protection compliance, lawyers are likely to underestimate risks and often do not follow even basic security principles such as regular software updates or password changes.

This is likely to change now that the act comes into force, considering that lawyers will need to obtain cybersecurity assurances – to secure the ability to continue to provide legal support as part of their clients' supply chain. Since being a vulnerability for their clients is not an option, the obligations under the act should be an additional encouragement for local lawyers to up their game when it comes to their IT security practices and data protection. As any legal professional knows (or should know), in addition to lost time, money, or effort, cybersecurity breaches can lead to loss of reputation and, most importantly, loss of client trust.

INSIDE INSIGHT: INTERVIEW WITH EVA KOVACIC OF BELUPO

By Teona Gelashvili

Belupo General Counsel Eva Kovacic reflects on her journey from law firm beginnings to steering legal and compliance in the fast-paced pharmaceutical world.

CEELM: Tell us a bit about yourself and the career path you took leading up to your current role.

Kovacic: Currently, I serve as Group General Counsel for Legal and Compliance at Belupo Pharmaceuticals and Cosmetics Inc., a pharmaceutical company based in Croatia that operates across multiple EU and non-EU markets. It's a broad scope, and we're actively engaged in diverse regulatory environments.

My career began at a law firm though. Private practice days were an invaluable period because I gained experience in various branches of law, representing clients in court and learning to understand the perspective of opposing parties. Combined with my postgraduate studies in European law, this helped my deeper understanding of EU legislation and its implications for businesses – a decision that proved crucial as the European market evolved.

About two decades ago, I transitioned to in-house legal work at a multinational pharmaceutical company GlaxoSmithKline. I started as a junior lawyer and gradually climbed the ranks, taking on increasing responsibilities. Initially, I oversaw the legal needs of the Adriatic region, but over time, my scope expanded to include broader Southeast and Central European regions. This role involved managing legal teams across multiple jurisdictions with the support of external lawyers. We worked well as a virtual team while maintaining strong personal connections through team-building events and on-site visits. My final position at the same company was a global role – working as a lawyer for GSK R&D and supporting a diverse portfolio of products. This position required frequent collaboration across markets as varied as Asia and the U.S., making it both challenging and rewarding.

After years in such a structured multinational setting, I transitioned to Belupo Pharmaceuticals and Cosmetics Inc. This move was an opportunity to apply my global experience to a company rooted in my home country, keeping my focus on the pharmaceutical business. Over the past two years, I've focused on growing my team, navigating a specific industry and regulatory framework, and learning from new challenges. It's a

fulfilling role with a supportive and collaborative management team. It is a privilege to share our management's vision and at the same time protect company values.

Mentorship is another passion of mine, especially when it comes to supporting young professionals and advocating for gender equality in the workplace. Some of the people I've mentored have risen to impressive heights in their careers, which I find incredibly rewarding. For me, leadership is as much about empowering others as it is about achieving results.

CEELM: What was the biggest shock when transitioning to the in-house world? On the flip side, what was the most pleasant surprise?

Kovacic: Since I worked extensively with in-house teams during my time in private practice, the transition wasn't particularly shocking. My background gave me a solid understanding of how external counsel could support businesses, so I was able to adjust quickly.

That said, one significant difference between private practice and in-house work is the cultural and operational diversity of multinational companies. Leading teams across jurisdictions with different legal frameworks and cultural nuances was both challenging and enriching. For example, managing legal matters in markets like the U.S., Asia, and Europe pushed me to develop a deeper understanding of regional dynamics. I also appreciated the chance to specialize in pharmaceutical law and compliance, which has been pivotal in shaping my career.

The most pleasant surprise was the collaborative aspect of in-house work, often requiring building multinational teams. This has been incredibly rewarding, as has working closely with business leaders to shape strategy.

CEELM: How large is your in-house team currently, and how is it structured?

Kovacic: Our team is divided into several specialized areas. On one side, we have the core legal team, which handles multiple legal areas and matters. On the other side, we have a compliance group that focuses purely on regulatory adherence. We also oversee corporate security and occupational safety and health, which encompasses aspects of those specific risks, ensuring alignment with group-wide standards.

Given the overlap between legal, compliance, occupational safety and health, and corporate security, we collaborate closely across these functions. This integrated approach ensures that we maintain high standards while addressing complex issues effectively.

CEELM: How do you decide whether to outsource a project or use in-house resources, and what criteria do you use when picking external counsel?

Kovacic: We prioritize using in-house resources wherever possible. Our team is well-equipped to handle most projects, but for highly specialized matters – such as acquisitions or specific regulatory issues – we bring in external counsel. When selecting external lawyers, we prefer firms with deep expertise in the relevant field and a proven understanding of our industry.

We follow a structured procurement process to ensure a fair and thorough selection. This involves specialized procurement documentation related to compliance and experience. Once we gather this information, we evaluate qualifications and select partners based on clear criteria.

We value long-term relationships with external counsel, as understanding each other's ways of working and the specifics of our industry significantly enhances collaboration. Many of our external partners have supported us for years, which fosters trust and efficiency.

CEELM: What has been keeping you and your in-house team busy over the last 12 months? What about the upcoming 12 months?

Kovacic: Over the past year, we've focused on various topics across many different areas of the pharmaceutical industry, including competition law, supporting the launch of new products and markets, executing several strategic projects, driving necessary compliance changes, and much more. We've additionally supported the shaping of a new corporate identity, corporate culture, and implemented strategies to drive organizational growth.

Looking ahead, our workload will remain dynamic. We're keeping a close eye on industry trends and regulatory developments, particularly in the pharmaceutical sector. Ensuring we stay compliant while supporting business strategic goals through innovation, ambitious growth, new markets, and strengthening market position in existing markets will be a major focus. We work hand in hand with every function at Belupo to develop and deliver medicines to patients, where they are needed most. We'll maintain our profound commitment to do what is right, to act with integrity, and to use our legal expertise and strong voice to shape a framework that governs our business to the benefit of patients.

CEELM: What do you foresee to be the main challenges for GCs in Croatia in the near/mid future?

Kovacic: One of the biggest challenges is managing the sheer complexity of operating across multiple jurisdictions. Balancing the demands of various legal systems, cultures, and regulatory environments requires strong organizational skills and experience especially when starting our strategic business cooperation in new markets. Building a strong team, maintaining good relationships with colleagues in the industry, and staying informed about emerging trends will also be crucial.

Another ongoing challenge is finding a balance between professional responsibilities and personal priorities. As workloads increase, it's important for GCs to prioritize effectively and create space for strategic thinking.

I am proud to lead an outstanding, highly skilled, and business-oriented Legal and Compliance team and am grateful to every member for playing a critical role in fulfilling our purpose. ●

KNOW YOUR LAWYER: DAMIR TOPIC OF DIVJAK, TOPIC, BAHTIJAREVIC & KRKA

Career:

- Divjak Topic Bahtijarevic & Krka; Founding Partner; 1994-present
- Katavic & Pelicaric; Legal Trainee;1990-1994

Education:

- University of Zagreb, Faculty of Law; LL.M.; 1990

Favorites:

- Out-of-office activity: sport, sport, and, again, sport
- Quote: "May you live in interesting times"
- Book: *Crime and Punishment* by Fyodor Dostojevski
- Movie: *The Deer Hunter* (1978)

Top 5 Projects

- Advising Nomad Foods on the acquisition of 100% shares in the frozen foods business owned by Fortenova for EUR 625 million. The deal won both the *CEELM Croatian Deal of the Year* and *CEE Deal of the Year*.
- Advising Entain in the acquisition of the SuperSport Group, the Croatian leading gaming and sportsbook operator with a 54% market share. With a value of approximately EUR 920 million, the transaction is by far the all-time largest deal to take place in Croatia and the wider region. The transaction was shortlisted for the *CEELM Deal of the Year* award for 2022.
- Advising on United Group's acquisition of the Croatian business of the international telecom operator Tele2 AB.
- Advising Dogus Group in relation to its over EUR 200 million investments in the Croatian hospitality sector, i.e., full due diligence, and transactional support in the acquisitions of several marinas and hotels in Croatia and the subsequent sale of the marinas to CVC and hotels to Erste Pension Fund.
- Advising Allianz in two major transactions involving Zagrebacka banka, part of the UniCredit Group: the sale of Allianz SE's 11.72% stake in Zaba to UniCredit Group and Allianz Holding EINS's purchase of Zaba's 16.84% minority stake in Croatian insurance company Allianz Croatia d.d.

CEELM: What would you say was the most challenging project you ever worked on and why?

Topic: This is, probably, the first due diligence we ever carried out. It was a diligence of the largest Croatian insurance company and our team was facing, for the first time, a physical data room (where we spent six full days in a room without windows), reviewing hundreds of documents, red-room rules (where I was admitted with only a pen and piece of paper), and all other elements that, from today's perspective, seems outdated and plain vanilla. At that time (and it was almost 30 years ago), this was a complete novelty in Croatia and we were fortunate to be the first or among the first couple of firms that had the privilege to work on a project that was never seen before – no one had any experience with such work and, literally, we were an icebreaking team of lawyers in the area of M&A transactions in Croatia.

CEELM: And what was your main takeaway from it?

Topic: Don't be afraid of new challenges, get out of your comfort zone, and remember that your best weapon is knowledge. Look at the market and learn what those better than you are doing – learn from them and there is no need to reinvent the wheel. Just get to the bottom of things and try to understand why something is done – what's the purpose and the goal. And believe in your common sense – sometimes it is better than to blindly follow the market.

CEELM: What is one thing clients likely don't know about you?

Topic: The clients probably don't know how much anger I can store inside me and how much of it gets out in some other places – usually on the tennis court. The general perception of me is that I'm calm, patient, and emotionally neutral but, believe me, this is only when I negotiate a deal.

CEELM: Name one mentor who played a big role in your career and how they impacted you.

Topic: There is no specific mentor in my career who played a big role over some period of time but there was a colleague – Tin Dolicki – from whom I have learned a lot sitting on the other side of the table. Tin Dolicki was "the lawyer" in Croatia for many years and, working with him, I realized that fighting over each and every word and provision in agreements doesn't make sense in the greater scheme of things. During our interactions, we managed to streamline the discussions on only a few important things and remained relaxed that the rest would be "market standard," fair and balanced wording. Working with such a behemoth was, maybe, the best LL.M. I could have ever obtained.

CEELM: Name one mentee you are particularly proud of.

Topic: During my professional career I had two or three mentees who, I believe, were exceptional lawyers and good men or women. Currently, I'm privileged to have Dina Salapic, as my closest co-worker and she has all that I think is necessary to be a great lawyer and a good person to work with. I see, from deal to deal, that there is less and less I can teach her and soon she will lead our teams further with confidence and clear vision.

CEELM: What is the one piece of advice you'd give yourself fresh out of law school?

Topic: Dream big but don't forget to remain patient. Sometimes I was only dreaming and was ready to sacrifice everything for the firm but time showed me that patience was equally important for success. Overnight success doesn't bring joy and, usually, is not founded on solid and sustainable growth and reputation. Hence: "Life is a marathon, not a sprint, dear young Damir."

EXPERTS REVIEW: TMT/IP

This issue's Experts Review section focuses on TMT/IP. The articles are represented ranked by the ICT goods exports (% of total goods exports) according to the World Bank 2022 data. Information and communication technology goods exports include computers and peripheral equipment, communication equipment, consumer electronic equipment, electronic components, and other information and technology goods.

The article from the Czech Republic is first with 16.1 percentage, while the articles from Moldova and Kosovo go last.

*No data available.


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Czech Republic: The Cyber Resilience Act

By Michal Matejka, Partner, and Eva Fialova, Attorney, PRK Partners

The European Union is following its roadmap to strengthen the cybersecurity framework. After the Cybersecurity Act (*Regulation (EU) 2019/881*), which created a certification framework and established the European Union Agency for Cybersecurity (ENISA), and NIS 2 (*Directive (EU) 2022/2555*), which aims at enhancing the cybersecurity of essential and important services, the European Union introduced the protection of connected software and devices, in other words, the cybersecurity of the IoT. In October 2024, the European Council officially adopted the *Cyber Resilience Act* (CRA) which is about to be published in the EU Official Journal. The Czech Republic is now intensively preparing for the adoption of the Cybersecurity Act, which transposes the NIS 2 Directive, but awareness of CRA is low, even though critical software is being developed in the Czech Republic.

Scope of Application

The CRA sets out cybersecurity requirements for products with digital elements that are made available on the market. A product with digital elements is software or hardware that is directly or indirectly connected to another device or network. IoT products that will fall under the new regulation are laptops, smartphones, hard drives, operating systems, password managers, smart home solutions, and many more (IoT products). On the other hand, the CRA will not apply to medical devices, in vitro diagnostic medical devices, and motor vehicles, which are covered by the *General Safety Regulation*. The application of the CRA to products subject to sectoral legislation may be limited or excluded if such legislation requires an equivalent or higher level of protection. With regards to free and open-source software, the CRA will only apply if it is distributed and used for commercial activities. Non-commercial open-source software will be excluded from the new regulation.

Categories of IoT Products

The CRA recognizes three categories of products: important IoT products of class I, important IoT products of class II (both listed in Annex III), and other products.

Important IoT products of class I provide functions critical to the cybersecurity of other products or provides functions significantly affecting a large number of other products. Examples of these products are standalone and embedded browsers, password managers, mobile device management software, physical network interfaces, smart home products, and personal wearables.

Important IoT products of class II provide both a critical cybersecurity function and significantly affect a larger number of products. Examples of these products include operating systems for servers, desktops, and mobile devices, hypervisors and container runtime systems that support virtualized execution of operating systems and similar environments, public key infrastructure and digital certificate issuers, firewalls, and intrusion detection and/or prevention systems intended for industrial use.

Obligations for IoT Product Providers

Providers of IoT products – designers, developers, and producers – must meet essential cybersecurity requirements laid down in Annex I of the CRA Providers must ensure an appropriate level of cybersecurity based on the risks, place products on the market without known exploitable vulnerabilities, configure the product to be secure by default, provide with security updates, ensure protection of confidentiality and integrity, etc. Providers also must provide users with security-related information and possibility to securely and easily remove all data and settings.

Providers of IoT products must conduct a thorough risk assessment and manage the cybersecurity risks associated with their products. They have to provide the necessary information and instructions, such as the intended purpose of the product, foreseeable misuse that could lead to cybersecurity risks, security support, etc. Providers must establish processes to identify and address vulnerabilities in their products. They must also report significant cybersecurity vulnerabilities and incidents to the authorities.

Compliance with the CRA

Developers of non-critical products may conduct self-assessments. Class I products may be self-assessed or their providers may choose third-party assessment. For the providers of class II products, third-party assessment is obligatory.

Penalties are dealt with in a similar way to other European regulations – that is, a certain amount or percentage of worldwide turnover.

Providers will have to comply with the regulation within three years after it comes into force. The Czech Office for Cyber and Information Security should step up and actively communicate the new regulation in the same way as it is being done with NIS 2. ●

Slovakia: Delays in NIS2 Implementation

By Bernhard Hager, Managing Partner, and Simona Makuchova, Senior Associate, Eversheds Sutherland

Slovakia is currently still in the process of approving the draft legislation for the implementation of *Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148* (NIS2 Directive). However, Slovakia has missed the implementation deadline of October 17, 2024, with the draft pending approval in Parliament, expected by late November 2024.

The proposed legislation closely mirrors the NIS2 Directive's text and introduces significant changes in several areas in comparison with the current legislation. A major adjustment involves incident reporting, making reporting and vulnerability notifications mandatory. Importantly, the NIS2 Directive removes the distinction between essential service providers and digital service providers, categorizing regulated entities into two types based on their significance: essential entities that provide critical essential services and important entities that deliver other essential services.

The draft legislation departs from existing laws by eliminating the classification of serious cybersecurity incidents into categories. Incident reporting will transition to a centralized cybersecurity information system, enhancing efficiency and consistency in incident management. Essential service operators will face expanded responsibilities for reporting cybersecurity incidents.

Under the NIS2 Directive framework, the proposed legislation introduces a threshold for the size of regulated businesses. Notably, critical entities will be regulated without a size assessment. Security measures will be refined to align with new standards and enhanced risk analysis tools will be established, ensuring a baseline level of cybersecurity across Slovakia.

The draft legislation also strengthens supervisory activities, promotes education, increases accountability, and enhances the role of cybersecurity managers. New entities subject to essential service operator obligations will be required to undergo cybersecurity audits, ensuring compliance with updated security requirements and best practices.

In Slovakia, the National Security Authority has been designated as the responsible body for cybersecurity, serving as both a supervisory authority and the national contact point for cybersecurity issues. It has established the National Cybersecurity Centre SK-CERT, which provides incident management services, recovery support, and system restoration after incidents, functioning as a national Computer Security Incident Response Team.

Operators of essential services must report significant cybersecurity incidents, substantial cyber threats, last-minute events that could lead to severe incidents, and vulnerabilities in publicly accessible networks and information systems they manage. The legislation will impact various entities, including domain name registrars, online marketplace providers, internet search services, and social media platforms, which will be tasked with updated cybersecurity obligations. These obligations include establishing security policies, appointing responsible individuals, mandatory reporting of security incidents to the National Security Authority, and conducting cybersecurity audits.

Domain name registration service providers will need to maintain a record of registration data, including details such as the domain name, registration date, and contact information for the domain holder.

The implementation of the draft legislation is expected to affect approximately 3,400 new entities, according to the National Security Authority. Among these, around 2,750 will be medium-sized enterprises, and approximately 650 will be large entities. However, this count may be somewhat inflated, as many organizations, particularly those classified as critical infrastructure, are already subject to existing legislation.

With the NIS2 Directive's implementation, businesses in newly regulated sectors will face new compliance costs, potentially amounting to thousands of euros. Many operators already comply with international ISO security standards, and the main costs associated with the NIS2 framework will involve regulatory compliance, particularly concerning security requirements, incident reporting duties, and oversight measures, including compliance documentation through audits.

The draft legislation also includes specific decrees related to training center recognition. Should the Slovak draft legislation be approved by the end of this year, it is expected to take effect on January 1, 2025, with a 12-month timeline for implementing required security measures. Following the law's passage, businesses must ensure compliance to avoid potential legal penalties and financial losses. ●

Hungary: Cybersecurity Laws – The Saga Continues

By Csaba Vari, Head of IPTech, and Andras Gaal, Attorney, Baker McKenzie

Hungary was one of the quickest in the EU to begin implementing *Directive (EU) 2022/2555* (NIS2) and one of those few EU member states that met the deadline for implementation. Nevertheless, the Hungarian NIS2 implementation is still incomplete, and the current implementing laws have caused some practical and interpretational issues for various companies.

In this article, we briefly summarize the past, present, and potential future of Hungarian cybersecurity laws.

Hungarian Cybersecurity Laws before NIS2

Hungary has had a relatively sophisticated cybersecurity law since 2013. The Information Security Act (*Act L of 2013 on the Information Security of State and Municipal Bodies*), despite its name, applies not only to the electronic information systems (EIS) of state and municipal bodies but also to operators of critical infrastructures (including private-sector companies) and certain IT suppliers of these organizations.

The Information Security Act requires entities subject to it to categorize their EISs into security classes and identify their organization's required security level. Based on such security classes and levels, the organization concerned must take appropriate physical, logical, and administrative measures to protect its EISs and handle security events.

NIS2 Implementing Laws

The first Hungarian NIS2 implementing law, the Cyber-Certification Act (*Act XXIII of 2023*), has been applicable since January 2024. The scope of the Cyber-Certification Act is very similar to the scope of NIS2, but there are some alterations from the list of the in-scope entities: for example, Hungarian pharmaceutical wholesalers are concerned entities if they meet the relevant thresholds. Similarly to NIS2, deciding on whether an entity is subject to the Cyber-Certification Act might be challenging in certain cases because the Hungarian law refers to other legal areas (e.g., concerning food businesses and waste management activities).

Concerned entities must register in the Hungarian Cybersecurity Authority's (SZTFH) relevant registry within 30 days after they begin their activity subject to the Cyber-Certification Act. If the concerned entity was already performing its regulated activity before 2024, it had to register by June 30, 2024.

Since October 18, 2024, concerned entities must take appropriate measures to ensure the security of their EISs and the physical environment thereof. A part of such measures is specified by a related law. Similarly to entities subject to the Information Security Act, concerned entities must also categorize their EISs (and the data processed in them) into security classes and choose security measures accordingly.

Each concerned entity must conclude a contract with one of those cybersecurity auditors authorized by the SZTFH within 120 days after registration and have cybersecurity audits every two years (noting that there are special interim rules applicable to most entities that had to register already). Concerned entities must pay a supervisory fee to the SZTFH (the specific amount has not been determined at the time of writing).

Despite the fast implementation, based on our experience, there have been some considerable practical and interpretational issues relative to the Cyber-Certification Act. For example, based on the Cyber-Certification Act, concerned entities must include in their contracts with various IT service providers that the service provider undertakes to comply with the Cyber-Certification Act. Compliance with such a rule might cause challenges to multinational company groups where IT services are procured centrally and shared based on intracompany agreements. Furthermore, the Cyber-Certification Act is not clear on whether the IT service provider of the concerned entity must comply with the Cyber-Certification Act relative to all of its EISs or only concerning those that are used for the provision of services to the concerned entity (which is a crucial question in terms of expenses).

In addition, the Cyber-Certification Act does not include provisions based on Article 26 of NIS2, which stipulates special jurisdictional rules. Therefore, it is not settled at a legislative level whether, for example, providers of public electronic communications networks and/or services established in another EU member state must register and pay supervisory fees in Hungary.

Potential Future Changes

On October 29, 2024, the Hungarian government submitted to the Hungarian Parliament draft legislation that would replace both the Cyber-Certification Act and the Information Security Act. Based on the current draft, the new legislation might improve on the Cyber-Certification Act's current issues and bring Hungarian cybersecurity laws closer to NIS2. On the other hand, in our view, the current draft is still not fully in line with Article 26 of NIS2, which might cause some confusion over its interpretation. Naturally, time will tell whether the new legislation's final version will stand the test of practice.

Estonia: 5 Practical Steps to Prepare for the Artificial Intelligence Act

By Egon Talur, Partner, Priit Pold, Senior Associate, and Liina Jents, Specialist Counsel, Cobalt

On August 1, 2024, the Artificial Intelligence Act (*Regulation (EU) 2024/1689, AI Act*) came into effect, establishing several regulations concerning artificial intelligence systems within the European Union. Although the regulation is already in force, its requirements will gradually come into effect: the first deadlines are set for February and August 2025, while most of the requirements will apply starting August 2, 2026.

Mapping Artificial Intelligence Systems

The first step is to create a comprehensive overview of the AI systems you use – whether developed in-house or merely AI-based tools used in daily operations. This will help you assess which systems fall under the regulation's risk categories: unacceptable, high, limited, or minimal risk.

When mapping the systems, consider your role, as obligations differ somewhat according to roles. You need to clarify for each AI system whether you are, for example, a provider, deployer, importer, product manufacturer, or in some other role. An overview of the systems will provide a clear picture of their compliance with the regulations. And even if the AI Act does not apply, there may still be a need to comply with other legal requirements.

Assessing Compliance

After mapping, you can begin to analyze what risk level your systems correspond to. First, you must determine whether the AI systems you are using are allowed, as some systems will be prohibited starting February 2, 2025. The AI Act deems systems such as applications used for emotion recognition in workplaces, manipulative systems, etc. as incompatible with the values and fundamental rights of the European Union.

Next, examine whether the AI system is intended to be used as a safety component of a product, or the system is itself a product (e.g., industrial machines, toys). Additionally, the regulation lists fields that may involve high risk (e.g., biometrics, systems used in critical infrastructure, education, or employment).

In contrast, minimal-risk systems as those used in spam filters pose a relatively small threat to people's rights. The regulation does not restrict their use nor impose additional requirements.

Clarify Requirements

Next, clarify what the specific requirements are and what needs to be done in the context of each AI system. If you have determined that you have a high-risk AI system, you need among others to: (a) create a risk management system, (b) organize data management, (c) prepare technical documentation, and (d) ensure transparency.

Ensuring Compliance with Other Legal Regulations

In the rush to implement the AI Act, do not forget to comply with other closely related legal acts, such as the *General Data Protection Regulation*. If you use personal data for the development and further training of AI systems, it is essential to ensure that such activities are purposeful and based on appropriate legal grounds. Transparency must also be ensured, meaning that necessary information must be provided regarding data processing related to the AI system and the rights of data subjects established by law must be respected.

Copyright regulations are also important, as it must be ensured that the use of content protected by copyright for training and utilizing AI complies with the relevant rights. Verify that the training data and the outputs of the AI system do not infringe on anyone's copyrights and that there is permission for content usage.

Ensuring Cybersecurity

Even though Estonia has not yet established specific guidelines, adopted implementing legislation, and designated responsible authorities under the AI Act, it remains a digital innovation leader within the European Union. The country is home to many companies that heavily rely on advanced AI systems. To support the development plans of Estonian organizations, the Estonian Information System Authority has commissioned an analysis of AI technology risks and mitigation measures. This is an essential read for aanyone planning to adopt artificial intelligence or has already adopted it but has not considered the associated risks. It offers an overview of the current state of AI systems, their deployment models, and the associated cybersecurity risks, along with practical measures to address these challenges. As part of this initiative, a quick guide and worksheet have been created for AI system implementers, providing tools to assess deployment models and systematically evaluate risks and compliance needs. These resources are also recommended for effective system risk control and selecting appropriate mitigation measures.

Although there is still time to comply with the AI regulation, it is crucial to act now. Build a team that includes specialists who can cover both the technological and legal requirements. If there are many AI systems with different risk levels, compliance should be approached systematically and gradually, establishing realistic internal deadlines – starting with prohibited systems, then moving to high-risk systems.

Poland: Text and Data Mining – An IP Perspective

By Daria Rutecka, Partner, Schoenherr

Text and data mining (TDM) has emerged as a powerful technique for extracting valuable insights from large datasets, particularly in fields such as research, healthcare, and marketing. However, as the capabilities of TDM continue to expand, it is essential to consider the legal frameworks that govern its application. In Poland, this involves a complex interplay of national legislation and European Union directives, particularly regarding intellectual property rights, data protection, and exceptions for research.

Intellectual property rights in Poland are primarily governed by the *Act of 4 February 1994 on Copyright and Related Right*s (Copyright Act). This legislation establishes the rights of authors and creators over their works, which can include text, databases, and other forms of content. Under Polish law, the use of copyrighted material without permission is generally prohibited, which can pose challenges for TDM practitioners. However, on September 20, 2024, an amendment to the Copyright Act implementing the *Directive on Copyright and Related Rights in the Digital Single Market* went into effect with a three-year delay. One area of change is permitted use in TDM.

Generally, permitted use, as defined in the Copyright Act, is a certain restriction on the monopoly of rights held by the creator of a work. This restriction allows for the use of the work without the permission of the right holder, justified either by public interest (permitted public use) or by the individual interests of users (permitted private use). Permitted private use allows an already distributed work to be used for free within the scope of one's own personal use without the author's permission. Permitted public use, on the other hand, encompasses various categories of restrictions, such as the right to quote, the citation of works in news programs, the use of works for teaching or scientific purposes, and the permitted use granted to libraries, archives, and schools. TDM, as introduced into Polish law, is a new form of permitted use.

TDM is the analysis of texts and data exclusively using an automated technique to analyze texts and data in digital form to generate specific information, including patterns, trends, and correlations. In Poland, permitted use in terms of TDM may be understood in two ways. The first applies to cultural heritage institutions and entities such as universities. The second enables all already distributed works (e.g., texts on news portals) to be reproduced for TDM purposes, regardless of the type of work or the authorized entity. There are, however, two restrictions in this regard. First, any entity that holds economic copyright to a work may express a reservation against TDM (opt-out). Second, reproduced works may not be kept forever but only for as long as necessary to achieve the TDM purpose (certainly until their analysis is complete).

Currently, there are no specific recommendations or industry standards for opt-outs. Polish law only requires that such disclaimers be explicit, appropriate (referring to how the work itself is made available), and in machine-readable format with metadata. The law does not provide further details regarding works made available to the public to allow anyone to access them at a time and place of their choice. All of these conditions must be met jointly.

Strictly speaking, if a manufacturer of commercial artificial intelligence systems wishes to extract data from the internet to build its knowledge base, it must follow specific rules. Otherwise, the desired data (for which an opt-out has been reserved) cannot be used. Similarly, the *AI Act* stipulates that any use of copyright-protected content requires authorization from the right holder unless relevant copyright exceptions and limitations apply. In summary, producers of generative AI must comply with the opt-out restrictions as imposed by the respective Member State.

TDM presents significant opportunities for innovation and research across various fields. However, navigating the legal landscape in Poland requires a careful understanding of intellectual property rights, database protections, and data protection regulations. While there are exceptions that can facilitate TDM for research and educational purposes, practitioners must remain vigilant in ensuring compliance with relevant laws.

As the landscape of TDM continues to evolve, ongoing dialogue among policymakers, legal experts, and practitioners is essential. This will ensure that the legal framework remains conducive to innovation while protecting the rights and interests of authors, database creators, and individuals whose data may be involved in mining activities. Ultimately, a balanced approach can promote the responsible use of TDM, fostering advancements that benefit society as a whole. ●

Austria: Data Strategy – Data Act and Data Governance Act in Focus

By Sabine Fehringer, Partner, DLA Piper Austria

Austria's data strategy is derived from the European data strategy. It aims to improve the framework conditions for the data economy and to promote the secure exchange and broad use of data.

Three strategic goals were established: (1) developing sustainable data infrastructures, (2) activating the potential for responsible data use, and (3) establishing an innovative data culture and strengthening data skills. At present, the strategy is driven by the implementation of the Data Governance Act and the Data Act.

The Data Governance Act – *Regulation (EU) 2022/868* – is intended to create a framework for improved data-sharing in the public sector applicable from September 2023. The public sector is called upon to enable the use of protected data (in a controlled, secure processing environment). To this end, structures are to be created that, on the one hand, ensure that protected data can be found more easily and, on the other hand, support public authorities in making protected datasets available. From an economic and social point of view, the registration of data brokering services (intermediaries) and recognized data altruism organizations should contribute to a further strengthening of the European data economy.

The Data Act – *Regulation (EU) 2023/2854* – particularly addresses manufacturers of connected products and services (Internet of Things). The purpose of the Data Act is to regulate access to data and its use within the EU for B2B and B2C for personal and non-personal data becoming directly applicable from September 12, 2025. The aim of the Data Act is to enable the sharing of and access to data for users of such products. The regulation also stipulates that users can share this data with third parties. This is particularly relevant for, for example, repairs or maintenance of networked products (e.g., cars).

The Data Act also protects SMEs from unfavorable contractual terms that could be imposed by larger companies (e.g., contractual clauses that are unilaterally determined and unfairly prohibited and shall be considered not binding). Therefore, agreements and general terms and conditions of entities involved must also be reviewed for void clauses under the Data Act in addition to void clauses under Austrian civil law. However, many clauses considered unfavorable under the Data Act might already be considered void by local Austrian law.

Of relevance is also the *Open Data Directive (EU) 2019/1024* which sets out minimum requirements for the improved reuse of public sector data based on the principles of transparency and non-discrimination. A core element is the establishment of the commercial usability of published public sector data. The directive defines basic conditions for fees, formats, licenses, and the interoperability of data that apply in all EU member states.

Intensive preparations are currently underway to implement the Data Governance Act and the Data Act in Austria. Especially, the competent authorities and the sanction systems for non-compliance must be determined. Drafts are not yet available.

In connection with the Data Governance Act, a draft of an Austrian *Data Access Act* is available, which provides the basis for enabling national governance for the secure and further anonymized and reuse of protected public sector data.

On January 31, 2024, the new *Freedom of Information Act* (*Informationsfreiheitsgesetz*) was passed, ending official secrecy (secrecy that is restricted to specific public officials), which is an absolute milestone in public data governance. Specifically, the *Freedom of Information Act* – from its entry into force in September 2025 – grants every natural and legal person the right of access to state and certain corporate information. In addition, the *Freedom of Information Act* obliges public bodies to proactively publish information of general interest – that is, information that concerns or is relevant to a general group of people (e.g., activity reports, official statistics, studies, expert opinions, and contracts). With regard to the existence of reasons for secrecy, a balance of interests must be weighed between the right of the individual to freedom of information and the interest of the institution in secrecy. In the weighing process, the activities of so-called "social watchdogs" (non-governmental organizations and journalists who need the information to conduct a public debate) must be taken into account, according to the explanations.

Bulgaria: Key New Court Decisions in Bulgaria's TMT Sector

By Georgi Kanev, Head of IP&T, and Maya Demirova, Trainee Lawyer, Kinstellar

Recent court decisions in the technology, media, and telecommunications sector are expected to influence the way in which businesses manage, protect, and enforce their intellectual property rights and trade secrets in Bulgaria.

Clearer Framework for Damages for Licensing Infringements

Nowadays, it is almost impossible to find a business that does not use or rely on various software solutions and tools for its operations. This, of course, increases not only the demand for useful, user-friendly, and problem-solving software solutions but also the risk of unauthorized use of such solutions and intellectual property infringements. In cross-border contractual relationships and allegations of infringements, the situation is even more complicated.

One of the major questions in cross-border copyright infringement cases is how to calculate the damages. A recent interpretive decision established a structured approach to calculating the damages in the form of lost royalties in cross-border cases of unauthorized use of a copyrighted work where no relevant licensing agreement has been entered into. The Supreme Court determined that the amount of damages should be calculated based on the licensing fees that would have been paid by the infringer had they obtained a legitimate license for the use in the country where the infringement occurred. Consequently, in the event of an infringement within the territory of Bulgaria, the rightsholders will calculate the unreceived fees in accordance with the standard licensing fee for their product in Bulgaria.

It is also notable that the decision encompasses not only the recovery of legal fees incurred during litigation but also the reimbursement of reasonable and proportionate lawyer's fees associated with reaching an out-of-court settlement, such as the work on a cease-and-desist letter to the alleged infringer.

Consequently, rightsholders would likely feel more secure in taking legal action against infringers, knowing they can generally recover both the lost licensing fees and the legal costs associated with the infringement. For potential infringers, on the other hand, the risk of facing higher financial penalties, including legal costs, may encourage more cautious behavior and motivate quicker settlements to avoid lengthy and costly litigation.

As an interpretative decision, it is binding on courts in future disputes, thereby ensuring consistent application of its principles.

The Relationship Between Trade Secrets and Public Disclosure

Another recent decision sheds light on the importance of maintaining confidentiality in trade secrets, particularly in the context of public disclosures. Nowadays, more and more companies in the Bulgarian market are increasingly relying on trade secrets to protect valuable information that cannot be protected in any other way (e.g., that cannot be copyrighted or patented). For example, some companies rely mainly on their trade secret protection arrangements to mitigate the risks of ex-employees extracting, disclosing, and/or using such highly valuable information. However, this is not an easy task and one of the reasons for this is that it is not crystal clear what type of information falls within the scope of trade secrets. For example, in many cases, trade secrets and confidential information are generally considered by companies to be interchangeable. However, the truth is that while any trade secret can be considered confidential information, not all confidential information can be considered a trade secret.

The court decision provides two important clarifications in this regard. On the one hand, the court confirms that, in principle, a client list can be protected as a trade secret. On the other hand, however, the court clarifies that this would not be the case if the list had been publicly disclosed to an unrestricted audience – for example, it has been made available on the company's website. It seems that this understanding could be applied more broadly also to information other than the client list.

In view of this ruling, companies must exercise greater caution in disseminating proprietary information through marketing materials or online/public platforms. As illustrated above, such actions may result in the loss of exclusivity and, consequently, the inability to protect the information as a trade secret under Bulgarian laws.

The above rulings provide significant clarification mainly for the Bulgarian technology, media, and telecommunications sector but not only, as trade secrets may be relevant to other sectors as well. Collectively, these decisions contribute to the creation of a more secure and predictable legal environment, encouraging rightsholders to protect their intellectual property and optimize their strategies in order to keep their competitive advantage. ●

Lithuania: Implementation of the NIS2 Directive

By Asta Macijauskiene, Partner, Widen

Lithuania has updated its national legislation, with the revised *Cybersecurity Law aligning with Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148* (NIS2 Directive). The new *Cybersecurity Law* took effect on October 18, 2024. The implementing legislation was adopted on November 6, 2024.

By April 17, 2025, national cybersecurity authorities are required to compile the initial list of entities considered essential and important under this law.

These designated entities will then have an up to 24-month grace period to fully implement the rigorous requirements set forth by the law. A 12-month grace period is established for the implementation of organizational risk management measures and a 24-month grace period for technical risk management measures. It is important to stress that said transition period will start only from the date of inclusion of the relevant entity in the Cybersecurity Information System, processed by the National Cyber Security Centre (NSSC). This transition period is designed to allow organizations sufficient time to upgrade their infrastructure and operational strategies to comply with the new standards.

Main Obligations of Cybersecurity Entities

The obligations stipulated by the new *Cybersecurity Law* are aimed at maintaining a robust level of security for networks and information systems based on the performed risk assessment. These obligations include the adoption of effective risk management practices and the establishment of incident response mechanisms. Entities are also required to report cybersecurity incidents to the NSSC. Large-scale cybersecurity incidents must be reported within 24 hours of detection, with a detailed follow-up report due within 72 hours. Meanwhile, according to the implementing legislation, other cybersecurity incidents shall be reported within 72 hours of detection. According to the implementing legislation, cybersecurity entities are required to adapt their incident management systems to automatically register cyber incidents on the NSSC platform within 12 months of their registration in the Cybersecurity Information System.

Severe Sanctions for Non-compliance

As it is stipulated in NIS2, to enforce these stringent requirements, Lithuania has set severe sanctions for entities that fail to comply with the new cybersecurity regulations. The most drastic of these sanctions can result in fines of up to EUR 10 million or 2% of the entity's total global annual turnover for the previous financial year, depending on which is greater. These penalties emphasize the critical nature of adhering to cybersecurity measures and ensure that entities take their responsibilities seriously.

In addition to the fine, the NSSC will have the power to impose various enforcement measures on cybersecurity entities. For example, it may instruct cybersecurity entities to inform the entities to which they provide services of possible actions that may be taken by those entities in response to a serious threat. Certain severe enforcement measures, such as suspension of activities or temporary suspension of a manager, can only be applied to essential entities and only by court decision.

Challenges in Implementation

The implementation of the NIS2 Directive may face significant hurdles, particularly due to the expected shortage of skilled cybersecurity professionals such as auditors and security officers. This shortage is part of a broader global talent gap in cybersecurity, which may be more pronounced in smaller markets like Lithuania. The deficit of qualified professionals could delay necessary compliance audits and overall implementation of compliance within the entities and may affect the company's finances, as the high demand for such services is expected to lead to higher prices.

Conclusion

The implementation of Lithuania's updated *Cybersecurity* Law, in response to the NIS2 Directive, significantly elevates the cybersecurity standards across the nation. By introducing precise incident reporting, risk management requirements, and substantial penalties for non-compliance, the new legislation aims to ensure a relatively high, risk-based cybersecurity level within key entities. However, the effective implementation of these requirements may be challenged by a shortage of skilled cybersecurity professionals, potentially hindering timely compliance and leading to increased costs for businesses as they strive to meet these new requirements.

Greece: New European Legislation on Measures for a High Common Level of Cybersecurity Across the Union

By John Giannakakis, Head of Data & Digital, Drakopoulos

The *NIS2 Directive* is the EU-wide legislation on cybersecurity. It provides legal measures to increase the overall level of cybersecurity in the EU by modernizing the existing legal framework, broadening the scope of covered entities, and specifying high fines (2% or EUR 10 million for essential entities, or 1.4% of global annual turnover or EUR 7 million for important entities), directly involving the board members of covered organizations and holding them accountable for any breach of the legal framework established by the new Directive.

Companies covered by the NIS2 Directive are those operating in one of the sectors listed in Annex I or II of the *NIS2 Directive* and either: (a) have at least 50 employees or an annual turnover or balance sheet total of more than EUR 10 million (the organization is an important entity), or have more than 250 employees or (b) a net turnover of more than EUR 50 million and a balance sheet total of more than EUR 43 million (the organisation is an essential entity).

Annex I of NIS II lists the essential entities, which are energy, transport, banking, financial market infrastructure, healthcare, drinking water, digital infrastructure, ICT services (B2B), wastewater, public administration, and space activities, while Annex II of the Directive lists the important entities, which are digital providers, postal and courier services, waste management companies, manufacturing, production and distribution of chemicals, production, processing, and distribution of food and research. Finally, there is an additional category of micro and small enterprises that are automatically covered by the *NIS2 Directive*: trust service providers, top-level domain name registries, domain name registration service providers, providers of public electronic communications networks, and providers of publicly available electronic communications services.

The main obligations imposed by the new directive are the obligation to carry out a risk assessment and determine the implementation of appropriate cybersecurity measures (duty of care), the obligation to report within 24 and 72 hours any cybersecurity incident that (may) significantly disrupt the provision of essential services (duty to report) and the obligation to comply with the supervisory authority designated by the directive (supervisory duty).

In Greece, the executive law adopting the *NIS2 Directive* (Law 5160/2024) has been published on November 27, 2024. The national legislation distinguishes between the management responsibility of public and private companies (essential and important entities) by mentioning specific compliance obligations for private companies and vaguely referring to the existing rules detailing the responsibilities and penalties for public employees and elected representatives in the public sector, which will continue to apply. Management in both sectors (public and private) have a three-month period to decide and present the appropriate cybersecurity measures that the affected entities must take to ensure compliance with the directive and the national law.

Moreover, the new law specifies that if a reportable incident within the scope of NIS2 constitutes a data breach under the *General Data Protection Legislation*, the incident must be reported to the National Data Protection Authority. If a fine is imposed by the Data Protection Authority for a data breach that constitutes a reportable incident under NIS2, the National Cybersecurity Authority shall not impose additional administrative fines for the same incident. Affected entities must follow a detailed step-by-step plan to prepare for the implementation of the new European legislation. To this effect, they will need to engage top management and key stakeholders to allocate budget and resources, identify critical security processes, services, and assets through a company-wide Business Impact Assessment (BIA), implement a risk and information security management system (indicatively ISO 27001 or NIST) aimed at identifying, managing and monitoring the company's information security risks, and ensure that responsibilities are defined and key processes are operational (indicatively incident handling, business continuity and disaster recovery plans are in place).

The new European cybersecurity legislation has already come into force on October 18, 2024, however, the vast majority of affected organizations have not even begun to prepare for it. The awareness of stakeholders and staff on cybersecurity practices through the design and implementation of security management systems is critical for the successful enforcement of this important piece of legislation in the EU. Only through this awareness can the key success factor of embracing cybersecurity as a key *survival* element for an organization in the new digital era finally come to life.

Romania: Can AI-Generated Content Be Protected Under Copyright Law?

By Ciprian Dragomir, Partner and Head of IP, and Dana (Blaer) Barbu, Managing Associate, Tuca Zbarcea & Asociatii

We are living in very interesting times with spectacular innovations in technology. The law is hardly keeping up with all these changes. Companies and authors of intellectual property works are also challenged and need to adjust to the new evolving environment.

Romanian copyright law has been significantly amended recently to implement important EU directives. However, it does not yet have specific provisions adjusted to artificial intelligence (AI) systems to ensure copyright protection of works generated by AI.

The impact of AI is major and brings unique innovation opportunities but also challenges for companies (who face the risk of intellectual property rights infringement) and for creators (on the way their creative content is created, distributed, and used). In the current legislative context, it is difficult to find solutions for companies' and creators' rights to be protected in a balanced way.

The Concepts of Copyright Works and Subjects under Romanian Law

The national copyright regime is still dominated by a traditionalist approach by the legislator with respect to the object and subject of copyright. This has implications for the possibility of protecting work generated by AI as intellectual property.

It is important to distinguish between autonomous AI creations and AI-assisted human creations. In the former, a command given by the user is an idea that AI recognizes and generates work autonomously. In the latter, AI is used only as a tool, with significant human contribution to the creative process and the author facilitates the process of creation. Although the materialization of expression is aided by AI, the creation expresses the author's personality through the author's deliberate decisions.

In terms of the object of protection under Romanian law, copyright covers original works of intellectual creation in the literary, artistic, or scientific domain, whatever the mode of creation, form of expression, and value or intended purpose.

In terms of subjects of protection under Romanian law, the author is the natural person or persons who created the work. In cases expressly provided, legal entities and natural persons other than the author may benefit from the protection granted to the author as well. Moreover, it is specifically mentioned that copyright is linked to the person of the author and involves moral and patrimonial attributes. Importantly, ideas, theories, concepts, scientific discoveries, processes, methods of operation or mathematical concepts, and inventions contained in a work are not eligible for legal copyright protection in Romania.

Can AI-Generated Content Enjoy Legal Protection as Copyright in Romania?

Given the way the Romanian legislator defines the concepts of author and copyright works, it is hard to argue that Romanian law offers the protection enjoyed by works in the context of copyright to creations generated autonomously by AI. Human input is deemed imperative in the creative process, and the personality and the conscience of a human being play an important role. Thus, autonomous AI creations, as complex computer algorithms, could not legally be attributed personhood and could not be qualified as copyright works. On the other hand, AI-assisted works could be considered, in our opinion, as ones through which the author expresses their personality, the subject of protection being the one who uses generative technology.

What Measures Should Companies Take?

In the context of revolutionary AI systems, companies should take appropriate measures to protect their interests in both the short and long run.

In the legislative void regarding AI creations in Romania, AI-generated content is used freely. A significant number of artistic creations are reproduced, transformed, or modified using AI, with generated works used in advertising campaigns, marketing, etc. without legal constraints. However, this may prove to be dangerous since the intellectual property rights of authors may be infringed.

But how should companies behave to minimize the risk of infringing the copyright of lawful holders? And how can initial authors be compensated?

One way is for the users of AI systems to obtain from the suppliers thereof representations and guarantees that the AI models do not infringe the copyright of third parties and to find out if they are protected as intellectual property rights. In the latter case, when copyright-protected content is being used, companies should check if the copyright holder has given their authorization and if compensation was paid in this respect. Moreover, contractual clauses and company terms and conditions should be revised accordingly.

Companies should pay attention to the source of data that they use and evaluate the risks relating to intellectual property protection. ●

Croatia: Intellectual Property Infringements – A Look at the 2023 Report

By Iva Basaric, Partner, and Matija Skender, Senior Associate, Babic & Partners

In the summer of 2024, the Croatian Intellectual Property Office published a report detailing intellectual property (IP) infringement data for 2023. This statistical overview sheds light on the enforcement of IP rights across three main segments in Croatia: liability for misdemeanors (falling under the jurisdiction of the Croatian Customs Administration), criminal liability (managed by the State Attorney's Office), and civil liability (which is enforced through private actions, often involving Collective Management Organizations (CMOs)). This article analyzes the trends observed in the 2023 report, aiming to provide insight into the future landscape of IP enforcement in Croatia and explore implications for rightsholders and other stakeholders in the IP space.

When talking about IP infringements sanctioned by misdemeanors, the Customs Administration primarily enforces IP rights through border controls, while fewer resources are devoted to inspections within the market. In 2023, border control procedures constituted around 75% of all enforcement actions by customs, with a substantial 99% of cases initiated at the request of the rightsholder. This approach to enforcement, where rightsholders actively lodge requests, has been a consistent trend, indicating an ongoing dependency on rightsholder involvement in detecting infringements. Interestingly, while the number of border control procedures was typical for a calendar year (totaling 635 procedures), the value of goods destroyed in 2023 was considerably lower, at approximately USD 4 million. This is a stark contrast to the values seen in previous years, such as USD 56 million in 2022 and USD 33 million in 2021. Among destroyed goods in 2023, toys (USD 1.5 million), bags, watches, and jewelry (USD 1.1 million), and machines and tools (USD 0.9 million) represented the highest categories in terms of value.

In terms of customs inspections in the market, the resources are again focused on trademark infringements, accounting for about 90% of cases, whereas copyright infringements made up only 7%. Notably, the Customs Administration conducted only 16 inspections related to illegal software in 2023, reflecting a decline from around 250 inspections per year conducted in the 2016-2018 period.

IP-related criminal proceedings are relatively rare in Croatia, likely due to the country's small jurisdiction and the preference for handling IP infringements through civil or administrative routes. This low volume makes it challenging to establish strong trends. However, one consistent observation is that monetary fines remain the primary sanction for criminal IP infringements, with incarceration, although possible, being an uncommon penalty.

Although the landscape of IP infringement in Croatia primarily involves industrial property, with a strong emphasis on trademarks, in civil court proceedings, copyright protection takes the lead over other forms of IP. The speed of civil litigation in IP cases is notably efficient compared to other areas of law and most first-instance civil court cases related to copyright infringements are resolved within a year. This efficiency can be partly attributed to the role of CMOs, which initiated around 80% of new IP-related litigation cases in 2023. With a wealth of experience in copyright litigation, Croatian CMOs have become adept at navigating these cases efficiently, often resulting in straightforward proceedings that allow for prompt rulings.

In conclusion, the trends observed in IP infringement enforcement in Croatia reveal a system where responsibility is shared among customs, criminal authorities, and private players. The Customs Administration's reliance on rightsholders to initiate border controls reflects a trend toward collaborative enforcement, though the decline in the value of destroyed goods suggests potential shifts in focus or enforcement efficacy.

Meanwhile, the role of criminal sanctions remains minimal, with monetary fines prevailing over more stringent penalties. On the other hand, civil litigation, bolstered by the active participation of CMOs, stands out as a particularly effective avenue for IP enforcement in Croatia. Civil courts have demonstrated an efficient framework for addressing IP disputes. Looking ahead, the trends suggest that Croatia will likely continue to rely on rightsholder-driven enforcement to address IP infringement. Strengthening cross-border collaboration, reallocating resources to address evolving infringement types, and enhancing the enforcement capacities of customs and criminal authorities could further bolster Croatia's IP protection landscape, supporting both local and international rightsholders in safeguarding their intellectual assets.

Slovenia: A Renewed Legislative Focus on Strengthening the Public Use of Slovene

By Barbara Hocevar, Partner, and Lenart Kmetic, Senior Associate, Selih & Partnerji

The Slovene language has long been a core part of Slovenia's national identity, instrumental in unifying the nation during its journey to independence in 1991. However, globalization and digitalization have increasingly challenged the prominence of Slovene in public and commercial domains. This pressure has placed responsibility on the Slovenian government to safeguard the language's role in the face of a rapidly globalizing world. Recent amendments to the *Act on the Public Use of Slovene* (Act) reflect this commitment to preserving and expanding Slovene's presence in public, commercial, and digital spheres.

The Act before the Amendments

First implemented in 2004, the Act aimed to secure Slovene as the primary language in public and professional settings, thereby protecting cultural heritage and ensuring that information remains accessible to Slovenian speakers. It set specific requirements for various sectors, including government communications, education, commerce, and the media. One key provision was and remains that businesses and individuals engaged in commerce within Slovenian territory have to communicate with clients in Slovene. Additionally, product information, including features, usage conditions, and intended purpose, had to be provided in Slovene or a language easily understood by Slovenian consumers.

The digital landscape and cross-border nature of many services, particularly in the technology sector, have made enforcing Slovene language requirements challenging. For example, many international technology and infotainment providers, such as Apple, lacked Slovene-language support in their products and services. Apple, specifically, faced scrutiny for not including Slovene in its iOS operating system, highlighting a broader issue where popular devices and services often prioritized global languages like English. Recognizing these challenges, lawmakers introduced amendments to address the gaps and reinforce Slovene's position across different sectors.

Key Changes to the Act

The updated Act introduces several significant provisions aimed at ensuring the visibility and accessibility of Slovene in the digital age. Among the most impactful changes is the requirement for technology companies to offer operating systems and graphical and voice user interfaces in Slovene. Devices sold in Slovenia must now support Slovene orthography and functionality equivalent to other languages available on the device. This change aims to create a more inclusive environment for Slovene speakers by allowing them to navigate their devices in their native language.

The Act foresees that the Slovenian government will adopt a list of categories of devices for which the above obligation shall apply. In anticipation of these changes, some companies have already adapted their products. For example, Apple added Slovene support to iOS in September 2024, a move that was widely celebrated in Slovenia and seen as a victory for linguistic inclusivity. As more companies comply, Slovene-speaking consumers will gain greater ease of access to digital platforms in their native language.

The Act also emphasizes supporting Slovene-language content creators across media, literature, and digital spaces. By promoting and prioritizing Slovene-language content, the government hopes to enrich Slovenia's cultural offerings and increase Slovene's visibility both locally and internationally.

Looking Forward: Slovene in a Globalized World

The amendments to the Act represent a significant step toward preserving Slovene as a language of public use in an increasingly globalized and digital environment. By enacting higher standards for public and digital accessibility, the government underscores Slovenia's commitment to linguistic diversity and cultural heritage. The amendments have garnered support from various stakeholders, including many businesses supporting the updated Act, recognizing the importance of connecting with Slovenian consumers in their native language. While these changes mark a victory for Slovene's public presence, challenges remain. The legislation's scope does not extend to all digital providers equally. For instance, audiovisual content providers, including Netflix and Disney+, are governed by the country-of-origin principle in the EU, meaning they are not legally required to offer Slovene language options. This discrepancy has spurred debate within Slovenia about the need for more comprehensive policies to ensure broader language inclusivity across digital platforms. Advocates argue that as digital content becomes increasingly influential in daily life, language accessibility in these services is essential to preserving Slovene's prominence.

Despite the Act's progress, the journey to universal Slovene accessibility in the digital realm continues. We have yet to achieve a balance between the complexities of maintaining linguistic heritage in a globalized world, which further underscores the importance of adaptable policies that respond to evolving technological landscapes.

North Macedonia: Legal and Regulatory Challenges for 5G Technology

By Marija Filipovska Jelcic, Partner, and Martin Ivanov, Attorney-at-Law, CMS

With the rollout of 5G technology, North Macedonia will have to clear a number of legal and regulatory hurdles before benefitting from its potential to transform industries, improve connectivity, and drive economic growth. The country's telecommunications framework faces the dual challenge of accommodating this groundbreaking technology while ensuring alignment with EU standards.

North Macedonia's telecommunications market is currently dominated by two major operators: Macedonian Telecom and A1 Macedonia. These companies have been pivotal in shaping the country's telecommunications infrastructure and are taking another significant step forward with 5G. Both have received the necessary approval to deliver 5G services from the Agency for Electronic Communications (AEC).

North Macedonia's telecommunications sector is governed primarily by the *Law on Electronic Communications*, which is largely aligned with the European Union's regulatory framework. The AEC plays a central role in managing spectrum allocation, licensing, and promoting competition in the sector. With the recent approvals for 5G, the AEC has paved the way for facilitating the country's digital transformation.

The release of spectrum for 5G has been an important step, but difficulties remain, particularly around the need for efficient spectrum management and ensuring that the infrastructure can support the fifth generation of services. The telecommunications operators have had to work closely with regulators to meet the technical and legal requirements for delivering 5G internet.

While the introduction of 5G services poses a range of legal and regulatory challenges, we believe that the main issues will be maintaining an up-to-date regulatory framework that addresses cybersecurity concerns, data protection, and infrastructure development.

5G introduces new vulnerabilities in network security, making it crucial for North Macedonia to strengthen its cybersecurity rules. The open architecture of 5G networks exposes telecom operators to risks such as data breaches and surveillance, which are not regulated by separate laws. We expect that North Macedonia will adopt and enforce the appropriate security protocols, reflecting EU standards like the NIS and NIS2 directives and the *EU Cybersecurity Act*. As the key telecommunications operators roll out 5G services, cybersecurity will be a top priority, particularly in sensitive sectors like healthcare and smart cities.

The enhanced data processing capabilities of 5G technology pose additional risks to safeguarding consumer privacy. With the rise of the Internet of Things, Macedonian telecom operators must guarantee compliance with local and international data protection laws while managing vast amounts of personal data. Protecting consumer data and privacy will be essential as the ecosystem of connected devices expands.

Lastly, one of the most pressing tasks for telecommunications operators in North Macedonia is the major infrastructure overhaul required to support 5G. Unlike 4G, 5G requires a dense infrastructure of small cell towers and fiber-optic networks. Local regulations on zoning, construction permits, and environmental impact assessments may become bottlenecks, imposing further obligations on telecom operators, while approval processes often remain lengthy and complex in practice.

A new potential player in the Macedonian telecommunications market is 4iG, a Hungarian telecom and IT services provider. Its market entry would introduce fresh competition, conceivably accelerating the 5G rollout and resulting in additional services for consumers.

While North Macedonia's focus is currently on the ongoing deployment of 5G, telecommunications will inevitably move toward 6G technology in the future. Research into 6G is already underway globally, with this next generation of mobile networks expected to offer unprecedented speeds, ultra-low latency, and the ability to support fully autonomous systems.

For telecommunications operators, the foundations being laid with 5G will be essential for a smooth transition to 6G in the next decade. The regulatory framework will need to evolve to address anticipated challenges such as increased spectrum demand, advanced cybersecurity threats, and the legal implications of highly intelligent, interconnected systems.

Looking ahead, North Macedonia must start preparing for 6G by fostering innovation and ensuring that its legal frameworks can support the massive technological leap that 6G will represent. Early investment in research, coupled with regulatory foresight, will be critical to keep the country competitive in the global telecommunications landscape. ●

Moldova: Bad Faith Trademark Registrations – An Emerging Challenge for Foreign Investors

By Andrei Caciurenco, Partner, ACI Partners

Bad faith trademark registrations in Moldova can pose certain challenges for foreign companies in the country. Understanding the implications of bad faith trademark registrations in Moldova is crucial for businesses looking to protect their intellectual property.

What Is a Bad Faith Registration?

In Moldova, bad faith registration refers to the dishonest practice of registering a trademark that is identical or similar to an existing trademark that is either unregistered in Moldova or registered elsewhere. Moldovan law allows a trademark registered in bad faith to be annulled in court under specific conditions.

Why Bad Faith Registrations Are a Threat

This issue is particularly relevant for foreign manufacturers who distribute products in Moldova. Often, these companies do not have a physical presence in the country, so they rely on local distributors to promote and protect their brands. In some cases, manufacturers allow distributors to register trademarks in their own name, believing the local company will be better placed to prevent trademark infringements.

While this arrangement may work initially, problems can arise later. In our experience as legal advisors, we have seen cases where distributors who had registered the trademark refused to transfer ownership back to the manufacturer, forcing the manufacturer to abandon the brand or use a new one. In some cases, competitors or third parties might also register a manufacturer's trademark in bad faith, particularly if the brand is not yet established in Moldova. This registration can be used to block market entry or to demand the manufacturer pay an extra price to transfer the trademark. The affected party then has the option to take the matter to court to protect its trademark against the bad faith registrant.

Criteria for a Bad Faith Registration Claim

Under Moldovan trademark law, bad faith registration is an absolute ground for the annulment of a trademark. To successfully challenge a bad faith registration in court, the following criteria must be met:

1. Knowledge or Reasonable Knowledge of Prior Use: The applicant must have known, or should have known, that the trademark was already being used in good faith in Moldova, or that the brand owner was promoting it there. The law uses both "knew" and "should have known" tests, meaning the plaintiff may only prove that the bad faith registrant was reasonably expected to know about the trademark's use under normal business circumstances (e.g., media coverage or industry events).

2. Similarity of Goods or Services: The goods or services for which the bad faith trademark is registered must be identical or similar to those used or intended for use by the aggrieved brand owner in Moldova.

3. Prior Registration in a Paris Convention or WTO Member State: The trademark must be registered in another country that is part of the *Paris Convention* or a WTO treaty member, and it must be well-known in that jurisdiction. The law does not define what constitutes "well-known," making it challenging for plaintiffs to prove this criterion without further legal clarity.

4. Risk of Confusion or Unfair Advantage: The bad faith registration must create a risk of confusion with the original trademark or suggest that the bad faith registrant intends to profit from the reputation of the original brand.

Two Categories of Trademarks Affected

Bad faith registrations in Moldova can thus affect two types of trademarks:

1. Unregistered Trademarks in Moldova: These are trademarks that are actively used in Moldova in good faith, even if not registered there. In these cases, only the first two criteria (knowledge of prior use and similarity of goods/services) need to be met.

2. Trademarks Registered in Other Countries: These are trademarks that are either promoted or negotiated for promotion in Moldova but not yet registered there. In these cases, all four criteria (knowledge of prior use, similarity, prior registration in a *Paris Convention* or WTO member state, and risk of confusion) must be met.

Legal Consequences of Annulment

If a trademark is annulled due to bad faith registration, the trademark will be deemed inexistent from the date of its registration.

Conclusion

For foreign businesses looking to enter or operate in Moldova, understanding the risks of bad faith trademark registrations is essential. It is important to stay vigilant and ensure that intellectual property rights are properly protected. Businesses should also be aware of the legal procedures to annul bad faith registrations and take proactive steps to safeguard their brands in the Moldovan market.

Kosovo: Using Binding Corporate Rules and Standard Contractual Clauses as Data Transfer Mechanisms

By Art Sylaj, Head of TMT, and Lirika Berisha, Legal Assistant, RPHS Law

The *Law for Protection of Personal Data* (LPPD) in Kosovo establishes guidelines for protecting personal data and regulates its transfer to other countries.

Companies in Kosovo can transfer personal data to a company outside of Kosovo without seeking prior approval from the Information and Privacy Agency (IPA) only if the receiving company is from a country part of the IPA's list of countries with a satisfactory level of data protection (IPA's list). If that is not the case, then the IPA's approval shall be acquired for the transfer of personal data (IPA's approval). The IPA will prepare its list or issue its approval, relying on the assessment of the level of protection offered by the legal framework governing personal data in the country to which the data is being transferred. This means that a Kosovar company's efforts to ensure compliance with the LPPD may be futile if the IPA deems the receiving country's data protection level insufficient. Fortunately, all EU Member States are part of the IPA's list and no procedure needs to be followed for the transfer of personal data to a company in the EU.

Even though the LPPD does not foresee safeguarding measures for receiving companies processing personal data outside of Kosovo as the *General Data Protection Regulation* (GDPR) does, it requires that the processing of personal data is done in accordance with the requirements and principles set out in the LPPD. Therefore, when there's a breach of personal data processed by a company outside of Kosovo, the company in Kosovo that transferred such data will be held liable for not ensuring proper safety measures for the processing of the personal data.

So, the question here would be whether there are any safeguarding measures for the processing of personal data outside of Kosovo allowed by the LPPD. Can companies adopt GDPR models as practical tools?

To highlight what the GDPR offers, under its rules, EU companies need to be compliant with certain safeguards and conditions when transferring personal data to a jurisdiction outside the EU (third country). Two recognized and often used mechanisms are: the Binding Corporate Rules (BCR) and the Standard Contractual Clauses (SCC), as foreseen under Articles 28(3), 46(2)(b), and 47 of the GDPR. BCRs are data protection policies adhered to by companies established in the EU for transfers of personal data outside the EU within a group of undertakings or enterprises, while SCCs are standardized and pre-approved model data protection clauses that allow controllers and processors (not necessarily under the umbrella of the same group of undertakings) to comply with their obligations under the GDPR. Both BCRs and SCCs are approved by a supervisory authority before entering into force.

Following GDPR models, companies in Kosovo might be prone to use BCRs or SCCs to safeguard personal data and also determine the responsibilities and liability when there is joint control over the data or the processor is from another country. In these cases, the LPPD does not prohibit the use of these two mechanisms, and neither does it foresee the requirement for any approval from the IPA. The LPPD mandates that companies implement internal policies for data control and processing and allows these processes to be governed by contractual agreements. Therefore, BCRs and SCCs can be seen as mechanisms implicitly allowed by the LPPD.

In cases of joint control over the data, companies in Kosovo might lean toward BCRs, specifically when they are part of EU corporate groups and they need to comply with the GDPR and the LPPD to also process data coming from EU countries. On the other hand, SCCs might be seen as more practical and easier to implement without seeking any approval from the corporate group.

In conclusion, the LPPD's neutrality toward safeguarding measures allows companies in Kosovo to adopt GDPR models for protection. By implementing BCRs or SCCs, companies can strengthen data protection, reassure data subjects, and build trust with international partners.

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