



JOINT LAW VENTURES AND GLOBALISATION OF LEGAL SERVICES

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OUTLINE

- ▶ Introduction
- ▶ Joint Law Ventures and Globalisation of Legal Services
 - ▶ Advantages of JLV
 - ▶ Disadvantages of JLV
- ▶ Challenges
 - ▶ Integration Challenges
 - ▶ Expertise Within the Country
 - ▶ Mistrust and Lack of Understanding
 - ▶ Client Ownership
 - ▶ Market Forces
- ▶ Case studies
- ▶ Recommendations

INTRODUCTION

▶ THE CONCEPT OF LAW FIRM COLLABORATION

- ▶ Law firms enter into business arrangements or agreements with other law firms within or outside their jurisdiction to provide legal services.
- ▶ It can be for a particular transaction or for a number of transactions

▶ Types of Collaboration

- ▶ **Acting as Joint Solicitors:** Two or more firms act jointly as per Client's request
- ▶ **Merger:** Two law firms fuse to become one law firm
- ▶ **Verein Structure:** Collection of firms in different countries can present themselves internationally as one single organisation
- ▶ **Joint Law Venture:** Two or more law firms pool resources to engage in a defined project or transaction

JOINT LAW VENTURE AND GLOBALISATION OF LEGAL SERVICES

- ▶ Globalisation, challenging economic environment and reforms in the power, construction, agriculture, telecommunications, accounting, banking and other sectors demand more than the conventional structure of legal practice.
- ▶ Collaborative efforts among law firms have become imperative as clients seek the services of legal experts who are able to offer a better and holistic approach to their transactional needs.
- ▶ The organizational structure of legal practice has experienced steady and continuous growth worldwide mainly driven by international trade, business flows and the emergence of transnational firms which require supporting legal services.

JOINT LAW VENTURE AND GLOBALISATION OF LEGAL SERVICES – CONT'D

- ▶ Many law firms have established offices in a number of jurisdictions to take advantage of economic growth within emerging markets
- ▶ However, for some jurisdictions, including most African countries, there are high barriers to practice for foreign lawyers
- ▶ Law firms must explore alternative means of providing cross border legal services to circumvent high barriers to practice
- ▶ Joint Law Ventures are a popular alternative practiced by international law firms

JOINT LAW VENTURE

▶ **Types of JLVs:**

▶ **Joint Venture Agreements**

- ▶ Law firms sign an agreement that regulates and sets out the obligations and duties of each party
- ▶ Law firms remain separate legal entities but act together to share strengths and increase competitive advantages

▶ **Joint Venture Entity**

- ▶ Entity created/incorporated; those participating in the Joint Venture are made shareholders
- ▶ All legal services are conducted through the entity
- ▶ Joint Venture governed by “Shareholders’ Agreement” and “Memorandum of Understanding”
- ▶ Best suited to law firms that wish to collaborate for an extended period

ADVANTAGES

▶ **FOREIGN LAW FIRMS**

- ▶ Alternative to “outsourcing” – No requirement to remunerate local law firms
- ▶ Access to domestic markets

▶ **LOCAL LAW FIRMS**

- ▶ Profit sharing is dictated by the Joint Venture Agreement or Shareholder Agreement; reduces risk of exploitation
- ▶ Exposure to best practices of elite international law firms
- ▶ Increased reputation from association with international law firms

▶ **GENERALLY,**

- ▶ Clients can have access to higher quality legal services

DISADVANTAGES

- ▶ Where a Joint Venture Agreement is used, the parties to the venture have unlimited liability for debts and obligations stemming from the venture except the agreement expressly limits this.
- ▶ The Joint Venture Entity option can be extremely capital intensive
- ▶ Potential for conflicts and disagreements between law firms on the best approach for the transaction

CHALLENGES

▶ **Legality of Joint Law Ventures**

- ▶ Before embarking on a JLV, the parties must consider whether such an arrangement is legal within that jurisdiction

▶ **Integration challenges**

- ▶ Different law firms have different practices which might conflict. Such conflict may hinder efficiency

▶ **Client Ownership**

- ▶ Legal profession is hinged greatly on retaining Clients. In a bid to retain clients after the expiration of the JLV, conflicts may arise.

▶ **Market Forces**

- ▶ Fluctuation in exchange rates can have a great effect on the return on investment

▶ **Lack of Mutual Trust**

- ▶ Where there are no meeting of minds between parties, the process of working together may become strained

CASE STUDY: SINGAPORE

- ▶ Singapore has been a popular jurisdiction among international law firms for JLV practice
- ▶ Since the early 2000s, 11 International law firms have undertaken JLVs
- ▶ Of the 11 that were initially signed, 5 remain in operation
- ▶ Some of these international law firms include: Clifford Chance (UK), Linklater (UK), Allen & Overy (UK), Baker & Mckenzie (US), White & Case (US).
- ▶ In order to gain access, the JVL model emerged after consultation with the government and local law firms
- ▶ The model was based on a Joint Venture Entity comprising lawyers and staff from the foreign law firm working in conjunction with local law firms

RECOMMENDATIONS

- ▶ Sensitisation of law firms to the advantages of JLVs and the options available within Africa
- ▶ Sensitisation of Governments to the advantages of allowing law firms engage in JLVs
- ▶ Encourage law firms to implement more internationally accepted standard practices for better integration
- ▶ Law firms should not be limited to the idea of JLVs with International Law firms from Non-African regions
 - ▶ Encourage increased law firm collaboration within Africa

ANY QUESTIONS?





THANK YOU

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