

## In-house rules

Unlike in some parts of the CEE region the Czech in-house sector is just as advanced as one would find in Western Europe. Among the larger companies, especially those that are subsidiaries of global players, strict panels are in use and legal departments are large. Miroslav Uříčář says T-Mobile Czech Republic, where he is Prague-based general counsel, uses six law firms via an organised panel in the country, split between global and local firms. However, he stresses: "We have a substantial internal legal department and we only hire an external firm if we really need the 'big animals'." He adds that using outside advisers is as much about having a law firm with a great reputation as other qualities.

T Mobile currently has 12 Czech lawyers in-house. In such a small country many of its day-to-day needs are thus well taken care of. While naturally this costs the business less in legal fees, Mr Uříčář says that in the Czech Republic this is especially so as

there is a large pay gap between company and external lawyers, with fewer exams needed to work in-house: "It is not like in the UK or Germany; law students choose to be either law firm trainees or go in-house at the start of their career." This quickly leads to two professions springing up, he explains, with the in-house lawyers not qualified advocates, as they would need to pass local bar exams. Law firms therefore tend not to hire in-house lawyers, even experienced ones. Likewise senior Czech lawyers rarely cross over to join clients because of the perceived 'stepping down' and significant pay gap. As Mr Uříčář puts it: "Practitioners at law firms are allowed to go in-house, but they never do it."

However, this does not mean that corporate counsel are not valued, he notes: "Companies have boosted their use not just because it is cheaper, but also as such lawyers will have operational and commercial knowledge of how the company works." Perhaps,

then, some Czech enterprises do not expect external firms to know their business all that well.

Yet he stresses that even if companies are relying more and more on their in-house lawyers "this does not mean we will use external firms less". Mr Uříčář points out that after EU entry in 2004 the law has become increasingly complex. He cites, for example, the European competition regime where he says he now needs significant legal advice.

He explains another factor is that now politicians have got used to revising old laws there seems to be a trend to keep amending things. "Our civil code changes very often and this is due to the quality of the legislation." He reports that often politicians tweak and add extra clauses to laws in such a way that they become very complicated and difficult, rather than starting with a completely new act. This tendency of the government to complicate Czech law, rather than simplify it, ensures the demand for external firms will remain steady. ■