

In-house keeping: the client's view

French company lawyers say their role is rapidly becoming more important. One reason is the rise of closely-managed panels of firms, like the one Société Générale has put in place – all part of a trend for general counsel to better manage the use of external firms says the bank's general counsel in Paris, Frédéric de Brouwer.

Meanwhile Benoit Dutour, general counsel for Nestlé France, observes the whole relationship between external law firms and in-house lawyers has changed. Corporate practitioners feel more empowered to ask for justification of legal fees and, with the backing of company management, are pressing lawyers to explain their tariffs. "Some years ago it was like going to the king if you wanted to ask a French law firm about fees. In the past you never talked about money; to do so was like an insult," he says.

It is clear that in-house counsel such as Mr Dutour prefer the new rules: "Today, asking about tariffs is part of our day-to-day activity. After all, it's about providing professional services, nothing more, nothing less." He goes on to explain that there is an increasing interest from the company's purchasing department in getting involved also with negotiating fees with law firms.

Like Mr De Brouwer he is a fan of panels. Last year the company appointed Norton Rose as global adviser, while in France they have kept a roster of just seven indigenous firms. Meantime, major M&A is handled via the Swiss HQ and is not necessarily sent to the French panel practices.

Mr De Brouwer believes the role of in-house lawyer as 'risk manager' is growing too: "This is especially true after the inclusion of legal operational risks under the Basel II Accord for capital adequacy rules, which will enter into force on 1 January 2008." Basel II is a global agreement among banking regulators on how to ensure stability in the sector.

Another issue that is on the minds of French general counsel is that they still have to leave the bar to work inside a company, meaning they lose rights of privilege. Mr Dutour relates that after years of lobbying there has been no change, but he and others want their lawyers' rights: "It is a shame and completely old-fashioned that we don't have rights." He adds that this division of the profession tends to encourage external lawyers to look down on French in-house counsel. Equally, if a company practitioner wants to give important advice to a CEO, for example about antitrust issues, they need to copy all communications to an external lawyer just to gain privilege for the messages. ■