

Sorainen Law Offices

Parnu mnt. 15
10141 Tallinn, Estonia
Tel: +372-6 400 900
Fax: +372-6 400 901
Email: sorainen@sorainen.ee

Kr. Valdemara iela 21
LV-1010 Riga, Latvia
Tel: +371 7 365 000
Fax: +371 7 365 001
Email: sorainen@sorainen.lv

Jogailos g. 4
LT-01116 Vilnius, Lithuania
Tel: +370-5 2685 040
Fax: +370-5 2685 041
Email: sorainen@sorainen.lt

Fredrikinkatu 55 A 1
00100 Helsinki, Finland
Tel: +358-9 4369 0840
Fax: +358-9 4369 0841
Email: sorainen@sorainen.com

EUROPEAN UNION

EU NEWS

Damages against a Member State

On 13.06.2006, the European Court of Justice (ECJ) made a ruling in the case of *Traghetti del Mediterraneo SpA*, in which it confirmed that it is possible to claim damages from the state if a national court of that state with its activities has significantly breached the Community law. In the opinion of the ECJ, the guilt of the national court is not important in finding liability. This means that a person claiming damages needs not to prove that the court is guilty of causing the damage. In order to find liability of a Member State, it is sufficient for a significant breach of law to have been caused by its misinterpretation or false assessment of circumstances and evidence by a court of the Member State.

However, claimants must prove that the breach was significant enough. The ECJ should check many different circumstances in order to decide whether the breach was significant. For example, how clear and precise was the rule that was breached, was the breach excusable, and did the court observe the obligation to ask for a preliminary ruling from the ECJ? A breach of the Community law is definitely significant where the court of the Member State fails to consider the practice of the ECJ in making its ruling. Importantly, the Member State may not establish stricter criteria in the event of such claims for damages.

If the breach is sufficiently significant, the Member State must compensate the damage if three conditions are met. Firstly, the objective of the breached legal norm must be the grant of a right to a person. Secondly, damage must have been caused to the person. Thirdly, a direct causal relationship must exist between the breach and the damage caused. Meeting these three conditions is sufficient to entitle a claimant to compensation from the state for the damage caused.

Since a significant part of the valid law in the Baltic States today is directly or indirectly based on the laws of the

European Union, then an incorrect court ruling may bring about a new dispute where individuals file monetary claims against the state.

Additional information:
Carri Ginter
e-mail: carri.ginter@sorainen.ee

ESTONIA

COMPETITION AND PUBLIC PROCUREMENT LAW

Amendments to the Competition Act

Many important amendments to the Competition Act entered into force on 01.07.2006. The reason for amending the Competition Act is mainly to establish new criteria for implementing concentration inspection and to ensure that the Act currently in force complies with the competition regulations valid in the European Union. In addition, the example of the European Union is followed so that the procedure for granting individual exceptions is declared invalid, while a definition of "control of a company" is also specified.

Concentration

From the viewpoint of companies, establishing the concentration (e.g. previously independent undertakings merge with each other) inspection criterion may be considered the most important amendment. The so-called global turnover criterion has been replaced by the Estonian turnover criterion. According to the new rules, concentrations in Estonia are inspected if the total turnover of the participants in the concentration is at least 100 million kroons (instead of the previous 500 million) and at least two of the concentration participants both have turnover in Estonia amounting to 30 million kroons (instead of the previous 100 million). The aim of the criterion is to better ascertain concentrations that have a significant effect on the Estonian market and may harm the competition.

Estonia

Amendments to the Competition Act

Latvia

New Regulations implementing Law on Corporate Income Tax and new Natural Resources Tax rates introduced

Lithuania

Local governments will decide real estate tax rate

Sorainen Law Offices

Assistance in acquisition of major Latvian mobile phone and mobile voice service distribution chain

Since the legislation that regulates the inspection of concentration has been simplified on the European Union level in the interests of the companies, then considering the international nature of concentration, the companies have been given a clearer overview of deadlines, required information and procedures upon submission of the notice. This ensures that the companies have similar conditions for giving notice of concentration both when contacting the Competition Board of Estonia as well as the European Commission, and also makes the relevant procedures more understandable for the parties.

Individual Exceptions

The other important amendment concerns the invalidation of the procedure for granting individual exceptions. This means that it is no longer possible for companies to obtain individual exceptions for agreements that harm competition, coordinated activities, or decisions, even if certain conditions exist. In the future, companies must independently assess whether an agreement that harms competition, coordinated activities, or decisions is exempt from prohibition under Article 81(3).

Additional information:

Ivar Kurvits
e-mail: ivar.kurvits@sorainen.ee

EMPLOYMENT LAW

Holiday Entitlement Claims about to Expire

The first holiday entitlement claims that have been unclaimed within the last four years, are about to expire this year. Under amendments to the Holidays Act that entered into force on 01.01.2002, any holidays unclaimed by employees expire four years after the right to them accrued. The right to claim the holiday entitlement applies only to holidays that could have been taken over the last four years. For example, employees have no longer the right to claim holidays earned and unclaimed between 01.01.2006 and 22.06.2006, because the right to claim holiday entitlement only applies to holidays that could have been taken over the last four years. It is important to note that upon termination of an employment contract, an employee is not entitled to monetary compensation for expired holidays. However, the expiry does not apply to holidays earned before the law entered into force on 01.01.2002.

We would also draw your attention to the fact that applying expiry is not an obligation of an employer, but a right. Thus, the employer who wishes to do so may allow an employee to take holidays that are four years old, and may also pay

the employee compensation for unused holidays on the termination of an employment contract.

Additional information:

Toomas Prangli
e-mail: toomas.prangli@sorainen.ee

INTELLECTUAL PROPERTY AND IT LAW

Electronic Communications Act Amendment Act Creates New Opportunities

The Electronic Communications Act Amendment Act now adopted and in force brings relevant area-specific Estonian law in compliance with the European Union law. Amendments to the Act entered into force on 02.06.2006.

These amendments create the conditions for issuing a frequency license for the fourth national third generation mobile telephone network (Universal Mobile Telecommunication System – UMTS). Under the Act, the frequency licenses are issued through a public competition with a starting price of 70 million kroons for a term of ten years under the same terms and conditions as the three similar licenses previously issued on the basis of the Telecommunications Act. Persons to whom UMTS technical licenses have already been issued can not participate in the competition. The objective in establishing this restriction is to allow the use of the relevant frequency as a limited resource to four different electronic communication service providers. This in turn should favour the emergence of efficient competition in the electronic communications market, and avoid the situation where the entire service is controlled by one provider, which would obviously hinder the development of potential electronic communication services in Estonia.

The amended Act also creates opportunities for faster development of digital television - allowing, among other things, digital retransmission of shows and programs originating from foreign countries. The Act also creates conditions to guarantee that air traffic control systems launched and used in the Estonian market correspond to requirements, and allows equipment to be monitored on the national level.

These amendments to the Electronic Communications Act also allow the Communications Board to establish restrictions on companies that enjoy a high market power in the communication services retail and wholesale market, and to assign obligations that under the market situation are required to guarantee functioning competition. In order to better regulate the competition in the communication services market, the Communications Board is also granted the right to define markets and conduct

market analysis in the so-called new developing markets.

Additional information:

Kaido Loor,
e-mail: kaido.loor@sorainen.ee

PROPERTY AND CONSTRUCTION LAW

Privatisation of Dwellings Act Amendment Act and an Act amending connected acts facilitates establishing apartment ownerships and completing loft conversions

Amendments to the Privatisation of Dwellings Act oblige local governments to submit a registration application for establishment of apartment ownership in every case where this is demanded by at least one owner of an apartment. If the costs of establishing apartment ownership are not paid, then the other owners of the apartment may cover these costs and later reclaim them from their co-owners. A regulation for entering real encumbrances under the public law into the land register will be specified so that if the owner of the apartment has not paid the redemption price of the land, then the unpaid amount will be entered into the land register as a real encumbrance under the public law, but the entry will not require the owner's consent.

Additionally, anyone who is obliged to privatise dwellings is also entitled to make privatisation operations regarding the legal shares of the building or dwellings as movables after 01.03.2006.

With amendment of the Privatisation of Dwellings Act, a consequential amendment is also made to the Apartment Ownership Act, under which the owners of an apartment are entitled to demand, by way of an action, that an owner of an apartment whose opinion differs from that of the majority of owners should give consent to completion of the conversion of a basement or loft that is in co-ownership of the owners of the apartment. This consent can be demanded by at least 2/3 of the owners of the apartment but it may not unreasonably damage the interests of another owner of the apartment. The income received from disposal must be paid to the owner of the apartment or spent reasonably on the maintenance or improvement of the apartment under ownership if the owner of the apartment is obliged to pay the relevant costs. The income received from disposal must also be paid to the owner of the apartment in the actual value at the time of disposal.

The amendments to the Act entered into force on 11.06.2006.

Additional information:

Triin Toomemets
e-mail: triin.toomemets@sorainen.ee

Validity of Unattested Contracts in Acquisition of Immovables

On 08.05.2006, the Supreme Court made a ruling about the validity of the so-called reservation contracts, which have become common as a result of the property boom. Namely, a contract under the law of obligations that is aimed at acquiring immovable property must be attested by a notary. Under the law, an unattested contract is valid only if a valid real rights contract has been concluded for fulfilment of the contract and an entry has been made in the land register on the basis of such a contract.

In its ruling, the Supreme Court took the stand that conclusion of unattested contracts can be considered in exceptional cases. The first exception is the case where the object of the contract is to reserve the immovable property and payment is made so that the developer does not sell the object of sale to a third party during a certain period of time. In such a case, neither the buyer nor the developer should be obliged under the contract to acquire or dispose of the immovable property. The amount of the reservation fee payable to the developer is also important in assessing the obligations of the parties. Another important circumstance is whether the developer will keep the reservation fee if the sale contract is not concluded. If the reservation fee is relatively large and will be kept by the other party if the sale contract is not concluded, then in the opinion of the Supreme Court this means that the contract is a preliminary or sale contract and the requirement of notarisatio does apply to it.

Another exception that can be considered is a contract whose object is construction and not sale. In such a case only construction can be demanded from the developer and not the actual sale to the buyer after completion.

The ruling also contained a thorough analysis of whether a reservation fee can be claimed back from the broker through whom it was paid to the developer. The Supreme Court believes that if the broker accepts the amount payable on the basis of the reservation contract, but the developer is the actual beneficiary, then the buyer must file a claim against the developer and not the broker. The broker is not liable for refunding the reservation fee. As a rule, the role of the broker is to accept the reservation fee from the buyer and transfer it to the developer. The circumstance that a commission is payable to the broker does not make the broker liable for the reservation fee paid to the developer.

Additional information:

Triin Toomemets
e-mail: triin.toomemets@sorainen.ee

LATVIA

INSURANCE

Procedure on third party liability insurance of organizers of public events

Organizers of public events must reimburse damage caused to third persons by organisers' activities. Therefore the Cabinet of Ministers has developed a procedure for organizers of public events to insure their third party liability. It is expected that the Latvian Cabinet of Ministers will accept the regulations in the near future.

New wording of the Security Guard Activities Law

On 13.06.2006, the new wording of the Security Guard Activities Law came into effect. Under the new wording, the security guard service providers are liable for their activities under the Latvian Law, and the security guard service providers must insure their third party liability.

Additional information:

Anete Rubene
e-mail: anete.rubene@sorainen.lv

INTELLECTUAL PROPERTY AND IT LAW

Amendments planned to laws on Intellectual Property rights and to Civil Procedure Law

On 09.05.2006, the Cabinet of Ministers approved amendments to various laws governing intellectual property issues (Copyright Law, Law On Trademarks and Geographical Indications, Industrial Designs Law, Topography Protection of Semiconductors Law, Plant Breeds Protection Law), in order to implement Directive 2004/48/EC of the European Parliament and Council of 29.04.2004 on the enforcement of intellectual property rights (the directive had to be implemented by 29.04.2006) in Latvia.

The amendments envisage liability not only for a violation of the intellectual property rights that has already occurred, but also for a "threatened violation". The sanctions that the court may impose for the violation of the intellectual property rights are supplemented: it may require destruction of goods or removal of them from sale in respect of which the violation has been found. A new right is envisaged – a right to information, i.e., acquiring specific information on the origin of counterfeit goods and their trade channels. Additionally, the possibilities of compensation for harm are supplemented – compensation may be claimed with respect to profit unfairly gained by an infringer. The court will now be able to arrange publication (e.g., in the press) of a judgment at the cost of the infringer, which may constitute a substantial preventive action.

Amendments are also made to the Civil Procedure Law – whereby a claim may also be secured in claims that are not tangible, i.e., within the area of the intellectual property. Additionally, the order for securing evidence is supplemented.

Additional information:

Brigita Terauda
e-mail: brigita.terauda@sorainen.lv

PROPERTY AND CONSTRUCTION LAW

Amendments to Construction Law

1) List of conditions cut for mandatory organising of public discussion

The new amendments to the Construction Law stipulate changes to the requirements for organizing a public discussion before the planned construction, applicable from 01.01.2007. The public discussion is not necessary if the respective territory has a valid detailed plan. Moreover, the public discussion of construction is no longer obligatory, for example, only due to the fact that a structure of public importance is being built, or the construction is planned in a public-use territory. The public discussion should be organized in the following cases only:

- a) Construction significantly worsens the living conditions of the inhabitants;
- b) Construction significantly lessens the value of the real estate;
- c) Construction significantly affects the environment, but does not need evaluation of its impact on the environment under the Law "On Environmental Impact Assessment";
- d) Other cases provided by the construction regulations approved by the respective municipality.

It is foreseeable that the new regulation will considerably speed up and facilitate the preparing of construction projects for supermarkets, apartment buildings, and other buildings of public importance.

2) Unlawful Construction

In addition, from 28.06.2006 the amendments legalize the previous practice of municipalities upon establishing unlawful construction. In case of an established breach, if it is possible to eliminate it and continue the construction process in accordance with the requirements of regulatory enactments, then the municipality may decide:

- a) that construction may be continued under certain conditions; or
- b) the consequences caused by the construction must be eliminated (e.g., demolition of all or part of a building, restoration to the previous state).

If the construction is carried out without an accepted construction design, then the municipality must adopt a decision to eliminate the consequences. A procedure on eliminating the consequences of the unlawful construction must be provided by the Cabinet of Ministers by 01.11. 2006.

Additional information:

Lelde Lavina
e-mail: lelde.lavina@sorainen.lv

TAXATION LAW

New Regulations on implementing Law on Corporate Income Tax

On 04.07.2006, regulations on implementing the Law on Corporate Income Tax were adopted to become effective as of 01.07.2006. The new provisions comparing to the previous similar regulations *inter alia* explain the amendments to the law which became effective as of 01.01.2006, provide for new explanatory examples, determination of the transfer price allowing to use the OECD guidelines, etc.

New Natural Resources Tax rates introduced

Under the Law on Natural Resources Tax, as of 01.07.2006 new Natural Resources Tax rates are introduced for electric and electronic equipment (e.g., refrigerators, TV sets, mobile phones, PCs, toys, sports, medical, trading and other equipment) being sold in Latvia for the first time. The rates are comparably high – they amount to LVL 0.65 to 1.35 for each kg of equipment, in order to encourage producers (traders, importers) to conclude agreements on collection and utilization of end-of-life equipment.

Under the law and the corresponding new (as of 16.05.2006) government regulations, the producers (traders, importers) having such agreements either with a person securing collection and utilization or with the Ministry of the Environment, if the trader concerned can secure it, may be relieved from the tax being applied to their sales.

Regulations on calculation and payment of Natural Resources Tax

As of 01.07.2006, new regulations on calculation and payment of the Natural Resources Tax became effective. As the title suggests, the regulations provide for further guidance in explaining and implementing the provisions of the new Law on Natural Resources Tax (effective as of 01.01.2006).

Regulations on payment of Natural Resources Tax for means of transportation

Regulations effective as of 01.07.2006 provide for payment of the Natural Resources Tax for means of transportation,

repayment of tax paid, and relieving producers of means of transport or those authorized by them from payment of tax by introducing a system for utilizing means of transportation.

New 5% VAT rate objects

As of 01.01.2007, the following transactions will be subject to a reduced (5%) VAT rate in Latvia: supplies of heating, electricity, gas, apartment and housing interior simple renovation, and hairdressers' services to private consumers.

Cash carried should now be declared at the border

As of 01.07.2006, cash should be declared if an individual crosses the Latvian border, which is also the border of the customs territory of the European Community with at least EUR 10,000 or its equivalent.

Tax treaty with Luxembourg

As of 14.04.2006, an Agreement on the Avoidance of Double Taxation with respect to Taxes on Income and on Capital concluded between Latvia and Luxembourg has become effective.

Additional information:

Janis Taukacs
e-mail: janis.taukacs@sorainen.lv

Selection of relevant acts and amendments adopted 01.05.2006-30.06.2006:

- Amendments to the law "On Book-keeping" (in force as of 09.05.2006);
- Cabinet Regulation No. 376 "Procedure for Registration of Medicinal Products" (in force as of 23.06.2006);
- Amendments to the Gambling and Lotteries Law (in force as of 04.07.2006).

LITHUANIA

EMPLOYMENT LAW

List of categories of special-purpose leave has been supplemented

On 08.06.2006, the Parliament adopted a Law Amending Articles 170 and 178 of the Labour Code and Supplementing the Labour Code with Article 179-1.

The Law supplements the list of categories of special-purpose leave by adding parental leave as a form of special-purpose leave. The Law establishes that the parental leave is granted for men for the period starting from the day of birth of a child until the child reaches the age of one month. It is also established that if the child's father lives with and is married to the child's

mother, then for the above period the allowance provided for in the Law on Social Insurance of Sickness and Maternity is paid to the father. The Law is in force as of 01.07.2006.

Additional information:

Algirdas Peksys
e-mail: algirdas.peksys@sorainen.lt

INTELLECTUAL PROPERTY AND IT LAW

Amendments to intellectual property laws due to implementation of Directive on enforcement of intellectual property rights

On 08.06.2006, the Parliament made significant amendments to the existing legal acts, in order to implement Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights (the Directive). The Law on Trade Marks, the Design Law, and the Patent Law were amended and supplemented in order to harmonize the Lithuanian legislation with the Directive.

The Directive is the first EU directive intended to harmonize provisions for enforcing intellectual property rights. Before adoption of the Directive, the harmonization of legal regulation of intellectual property rights protection in the EU was aimed at other issues of protection of those rights but not at methods and means of protection. The main objective of harmonizing protection of intellectual property rights is the functioning of the Internal Market, removal of restrictions on free movement of goods and interference with competition, and encouragement of innovations and investments.

The amendments to these laws basically relate to provisions regulating dispute resolution and protection of rights. To be more precise, the amendments set down protective, corrective, temporary protective measures and measures for preserving evidence, also establishing provisions regulating compensation for damage, right to obtain information, and publication of judicial decisions.

The laws are in force as of 28.06.2006.

Law on Information Society Services comes into force

On 25.05.2006, the Parliament adopted a Law on Information Society Services. The Law, which is in force as of 01.07.2006, was adopted in order to implement the provisions of Directive 2000/31/EC of the European Parliament and of the Council on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market.

The main objective of the Law is to define and establish the basis of legal regulation of social relations connected with information society services. The Law should also fill in gaps in legal regulation of relations connected with the provision of information society services.

The Law establishes requirements for information provided, commercial information, also requirements for provision of commercial information, orders, concluding contracts using electronic means. Furthermore, it sets the responsibility of service providers, dispute resolution rules, and indicates public institutions responsible for regulating and formulating policy for provision of information society services.

Additional information:

Liudas Ramanauskas
e-mail:
liudas.ramanauskas@sorainen.lt

TAXATION LAW

Local governments will decide real estate tax rate

On 25.05.2006, the Parliament adopted a Law Amending and Supplementing Articles 6, 8, 15 of the Law on Real Estate.

Prior to this amendment, the real estate tax rate was equal to 1 percent of the real estate tax value and it was the only tax rate. According to the amendment, the real estate tax rate variable from 0.3 to 1 percent of the real estate tax value is established. It is also established that the local governments decide upon the particular real estate tax rate by 1 June of the current tax period. The tax rate will be applied in the territory of the appropriate municipality from the beginning of the following tax period. The amendment also grants the right to the local governments to set several particular tax rates and lays down the following criteria, which must be taken into consideration while differentiating certain tax rates:

- the purpose of the real estate;
- the condition of its technical maintenance;
- the category of taxpayers (the size or legal form, or social status);
- location of the real estate in the territory of the municipality (according to the priorities set in strategic and territory planning documents).

If the local government does not set any particular tax rates by 1 June, then the tax rates of the previous tax period are applied during the following tax period.

Prior to the amendment, the taxpayers had the right to provide requests for application of real estate value assessed by way of individual valuation, for tax calculation

only if the real estate average market value assessed using the mass real estate evaluation method, or the value of other buildings assessed using the reinstatement value (cost) method, differed by more than 20 percent from the real estate value assessed by way of individual valuation. According to the amendment, taxpayers may apply with the above requests if the difference between real estate values assessed using different estimation methods exceeds 10 percent.

The amendment also establishes favourable conditions for taxpayers if the tax value of their real estate increases. According to the amendment, in case of an increase in the tax value of real estate assessed prior to the effective date of the Law on Real Estate Tax using the reinstatement value (cost) method, then while estimating the tax value for the tax year 2006 the previous tax value is increased by 0.2 of the increased sum of the real estate tax value. For tax year 2007, the tax value is estimated by adding to the previous tax value 0.6 of the increased sum of the real estate tax value. The tax value of other real estate for tax year 2006 comes to 0.5 and for year 2007 – 0.8 of real estate average market value or the value of real estate assessed by way of reinstatement value (cost).

The Law will come into force from 01.01.2007 (with exceptions). Until 15.08.2006, the local governments will set particular tax rates, which will be applied in their territories from 01.01.2007. If the particular rates are not set by this date, then a 0.3 percent tax rate will be applied in assessing tax during the 2007 tax period.

Additional information:

Tomas Davidonis
e-mail: tomas.davidonis@sorainen.lt

Selection of relevant acts and amendments adopted 01.03.2006-30.04.2006

- Law Amending Articles 2, 3, 5, 7, 8 and 10 of the Law on Settlement Finality in Payment and Securities Settlement Systems (in force as of 06.05.2006).
- Law Amending and Supplementing Articles 1, 10, 14 of the Enterprise Bankruptcy Law (in force as of 06.05.2006).
- Law Amending and Supplementing Articles 1, 9 of the Law on Restructuring of Enterprises (in force as of 06.05.2006).
- Law Amending the Law on Environmental Monitoring (in force as of 20.05.2006).

Contributed by Ivar Kurviits, Katri-Helen Agur, Estonia; Gita Rivdike, Latvia; Gytis Malinauskas, Lithuania. Edited by Girts Ruda, Latvia.

NEWS IN SORAINEN LAW OFFICES

Recent deals

Acquisition of major Latvian mobile phone and mobile voice service distribution chain

On 24.04.2006, "Latvijas Mobilais telefons" SIA (LMT) acquired a 100% interest in SIA "DT Mobile", becoming the owner of one of the largest distribution chains of mobile phones and mobile voice services in Latvia. Lawyers from Sorainen Law Offices in Riga assisted LMT throughout the transaction, including LDD, preparation of share purchase agreement, and related transaction documents, participation in negotiations with the sellers, and closing the deal. Sorainen Law Offices in Riga also submitted a merger notification to the Competition Council and successfully obtained an unconditional approval of the deal by the Competition Council. The Firm's Partner Gints Vilgerts had the leading role in the case. With this transaction Sorainen Law Offices has once again demonstrated its expertise in M&A projects.

Acquisition of Mandarin Shopping Centre by Citycon Oyj

Sorainen Law Offices advised Finnish listed property investment company Citycon Oyj on acquisition of the entire share capital of UAB Rimvesta, which owns the Mandarin Shopping Centre in Vilnius, Lithuania. The net yield on the purchase price on the transaction date is 7.3 percent. Our team of lawyers was led by partners Toomas Prangli and Pekka Puolakka in Estonia and Kestutis Adamonis in Lithuania.

The 2nd syndicated loan to Baltic Trust Bank in Latvia

Riga office provided legal assistance for the lenders in a MEUR 16 syndicated loan to Baltic Trust Bank (BTB) in Latvia. This is already the second syndicated loan arranged by Raiffeisen Zentralbank Österreich AG, Austria with BTB. According to BTB Management Board Chairman, Edgars Dubra, the syndicated credit received last year in an amount of MEUR 10 was successfully used for financing small and medium enterprises, especially in the food industry, agriculture, public utilities, and transportation. The bank will continue this practice in applying the amount of the new

syndicated loan. Mr. Dubra added that the loan would be available for enterprises of any economic sector.

Acquisition of a leading Latvian insurance brokerage company

Riga office provided assistance to one of the largest insurance brokerage companies, Colemont UK Holdings Ltd., in acquiring a majority shareholding in a leading Latvian insurance brokerage company, Finansu Konsultanti un Brokeri SIA.

Sandoz Pharmaceuticals d.d. Establishment of branch in Estonia

Tallinn and Riga offices assisted global pharmaceuticals corporate Sandoz in setting up and registering local branches and representative offices in Estonia and Latvia. This assignment was handled by associates Lea Liigus and Ieva Berzina.

Successful Supreme Court representation

Tallinn office represented ERGO Kindlustuse AS in Supreme Court proceedings in a subrogation claim. The client indemnified loss caused by snow falling off a building and claimed compensation for this from the owners of the building. The Supreme Court decided in favor of our client, dismissing the arguments of force majeure brought by the appellants. The assignment was handled by senior associate Carri Ginter and associate Andrus Kattel.

Consulting multilateral financial institution

A multilateral financial institution was provided with an in-depth memorandum regarding regulation of credit and financial institutions in the Baltics. The memorandum also covered issues relating to governing law and dispute resolution mechanisms. Senior associates Konstantin Kotivnenko, Carry Ginter, and Carri Plaks handled the case.

Employees

Mr. **Andrus Kattel** joined Tallinn office as an associate. Mr. Kattel worked previously at IF Eesti Kindlustus AS as a lawyer. His key specialisations are insurance law, litigation and arbitration. Mr. Kattel graduated from Tartu University Faculty of Law and speaks Estonian, English, Finnish, and Russian.

Articles

Selection of articles written in May-June 2006:

The Baltic Times column TALKING TAX:

- Janis Taukacs: New e-tax-returns: has the bureaucracy vanished?
- Janis Taukacs and Edgars Koskins: New regulation clarifies VAT application in Latvia.
- Konstantin Kotivnenko: Amendments in taxation of non-residents in Estonia.
- Tomas Davidonis: Transfer pricing in the Baltics.

Business newspaper *Aripaev*:

- Carri Ginter and Triin Toomeets: Termination of trademark abuse.
- Viljar Kahari: Collection of mortgage credit against joint property can be expedited.
- Kai Kaljaste: Negative equity can be eliminated by means of accounting.
- Silja Luide: Deadline is falling due. How to present an annual report correctly?
- Interview with Aku Sorainen: Minority shareholders have the right to know.

Business newspaper *Aripaev*, annex Management:

- Kristiina Harms: Motivation system is based on healthy and multi-faceted employees.

Journal of Estonian Economy:

- Carry Plaks: What to bear in mind when agreeing with the employee on prohibition on competition.
- Carry Plaks: Restraint of trade clauses in tri-lateral employment relationships and other contracts.

Saldo, magazine of the business newspaper *Dienas Bizness*:

- Janis Taukacs: Judicature in Tax Issues.

Magazine of American Chamber of Commerce in Lithuania:

- Juhani Siira: Which country's law governs international commercial agreements?

BNA's Eastern Europe Reporter:

- Liudas Ramanauskas: E.U. Directives Implemented; New Methods, Procedures Introduced.

Real Estate World (Świat Nieruchomości):

- Kestutis Adamonis: Investments in Commercial Real Estate in the Baltic Countries: the Lessons We Have Learned.

Articles by lawyers from Sorainen Law Offices are available on our website www.sorainen.com.

Other news

Tallinn office ranked high in employee- and family-friendly companies contest

Business newspaper *Aripaev* and magazine *Home and Family* organised a contest to find the most employee- and family-friendly companies in Estonia. It was the first time Tallinn office participated in the contest, receiving a high 7th ranking.

Riga office partner elected to RGSL board of directors

Riga Graduate School of Law (RGSL) approved a new Board of Directors consisting of five members, including Sorainen Law Offices partner Agris Repss.