

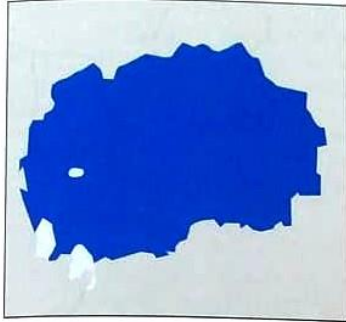
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The Guide to the World's Leading Business Law Firms



LEGAL MEDIA GROUP

EUROMONEY



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Macedonia

Clients' litigation guide



Ljubica Ruben
Mens Legis
Skopje

The Macedonian legal system follows the tradition of continental Europe (civil code). It is based on the Constitution of the Republic of Macedonia.

In Macedonia there are Municipal Courts, the Court of Appeal, the Supreme Court of the Republic of Macedonia and the Constitutional Court of the Republic of Macedonia. Municipal courts are competent for the procedure of issuing judgments in the first instance. The judgment of the court of first instance may be subject to appeal at the Court of Appeal. The judgments of the court of the second instance are valid and executive. The Supreme Court of the Republic of Macedonia

decides on the final appeals (remedies) against the judgments of the lower courts.

The Constitutional Court of the Republic of Macedonia:

- decides on the conformity of the laws with the Constitution;
- decides on the conformity of collective agreements and other regulations with the Constitution and the laws;
- protects the freedom and rights of the individual and citizen relating to the freedom of communication, conscience, thought and activity as well as to the prohibition of discrimination among citizens on the grounds of sex, race, religion or national, social and political affiliation; decides on conflicts of competency among holders of legislative, executive and judicial offices;
- decides on conflicts of competency among Republic bodies and units of local self-government;
- decides on the answerability of the programmes and status of political parties and associations of citizens; and
- decides on other issues determined by the Constitution.

Specialized courts do not exist in Macedonia. There is a bankruptcy department, a registration department and the department for settlement of disputes between legal entities in the municipal courts.

The public prosecutor of the Republic of Macedonia and the deputy of public procedures act in criminal procedures. The senior public prosecutor acts before the Court of Appeal and the basic public prosecutor acts before the municipal courts.

Litigation in Macedonia is very slow because the law for civil procedure offers many options that prolong the procedure.

There is no law for arbitration in Macedonia. Arbitration rules are contained in several provisions of the civil procedure. These mostly refer to disputes containing a foreign element.

Foreign lawyers cannot enforce judgments in Macedonia. Only local attorneys can enforce judgments except in the presence of

bilateral or multilateral agreements signed on the basis of reciprocity.

Macedonia has accepted all the agreements which the former SFRJ had concluded and the new bilateral agreements, about to be signed, refer to this matter.

In accordance with the law, an arbitration decision is considered to be an enforceable judgment. If the arbitration decision is passed by a foreign arbitration, the claim for recognition of the foreign arbitration decision must be submitted before a proper court. The fundamental condition in such cases is the existence of reciprocity between Macedonia and the country where the foreign arbitration decision was issued. The arbitration centre is based in the Macedonian Chamber of Commerce.

Local enterprises and their managers do not generally include arbitration clauses in contracts. Foreign legal entities that deal in Macedonian business will almost always include these provisions.

Since education about arbitration is just starting, only a small number of lawyers working with companies involved in foreign trade are familiar with arbitration rules and clauses.

The country's own acts that affect commercial litigation are: the Law for Civil Procedure, the Obligations Law and the Law on Interest Rates. In our opinion, the issuing of the Law for Arbitration along with supplements and amendments to the Law for Civil Procedure, and the instruments for securing demands (such as promissory notes, collateral agreements, mortgage agreements) will provide for more effective settlement of disputes.

There are rules on the cost of starting a court procedure. The court fees for submitting a complaint before the competent court depend on the value of the demand. There is a minimum rate of \$9 for demands up to \$148 and a maximum rate of \$928 for demands that exceed \$1485. Commercial disputes can take from a minimum of three to a maximum of 10 years to be heard.

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Banking

Against the recent background of internal conflict between the Macedonian state and ethnic Albanian rebel factions, there has naturally been economic disruption, with international investors dissuaded by the political instability.

Macedonia's two largest law firms are recommended for banking and finance matters. They are **IK Rokas & Partners (Skopje)** and **Mens Legis**. Also recommended is Kristijan Polenak at **Polenak Law Office**.

IK Rokas & Partners

IK Rokas & Partners is generally considered to be Macedonia's largest and most international law firm as it is a branch of Greek firm **IKRP Athens**. The Skopje office acts as a legal consultancy and is managed by Dimitris Raptopoulos and Viktorija Nestoroska. The office employs local lawyers Vanco Andonovski and Julijana Dimovska and collaborates with academics from the Faculty of Law in Skopje for advice on new legislation and complex transactions. The firm has advised Alpha Bank and SBS-AGRO bank on transactions in Macedonia.

Leading lawyers

- Dimitris Raptopoulos
- Viktorija Nestoroska

Clients

- Alpha Bank
- SBS-AGRO Skopje

Mens Legis

Mens Legis was established in Macedonia in 1995. The partners are Ljubica Ruben and Biljana Cakmakova. Five assistants and fifteen external legal consultants, practising in various areas of business law, assist them. Areas of banking expertise include bankruptcy and creditors' rights.

Polenak Law Office

Kristijan Polenak is experienced in dealing with shares and by-laws, banking, corporate law, bankruptcy and investments. The firm's clients include international finance organizations.

Capital markets

For privatization and other capital markets matters, **IK Rokas & Partners (IKRP)** is the most recommended firm. IKRP has been active in Macedonia for the past four years, primarily in large projects and transactions. The firm previously conducted work through a formal alliance with a local law office, but recently established IKRP Skopje. The office is integrated with the international IKRP network and offers comprehensive advice on a wide range of financial and capital markets issues. Clients include the Danube Fund for venture capital investment. In Macedonia, the firm advised the fund on its 30% equity investment in Kimico Ltd.

Mens Legis has experience in providing due diligence services for the purpose of privatization of Macedonian companies.

Polenak Law Office has advised the Macedonian Privatization Agency on aspects of its wide-ranging privatization program.

Project finance and energy

IK Rokas & Partners

IK Rokas & Partners acted as legal counsel for East Power Corp in its bid to build hydroelectric plant Kozjak Power Station in Skopje. Other projects of note include advising Hellenic Petroleum in its capacity as controlling shareholder of OKTA. In an important matter, the firm is advising on a USAID stability pact project for the creation of a regional electricity market in southeast Europe. The firm has also advised the European Commission on research into the electricity market in the Balkans.

Polenak Law Office acts for energy companies trading and producing steel, trading in lead and zinc and producing gas.

Clients

- Dufereco
- Skopje
- SOL

Mergers and acquisitions

Kristijan Polenak at **Polenak Law Office** is recommended for M&A matters, as are firms **Mens Legis** and **IK Rokas & Partners**.

IK Rokas advised a consortium of investors on their acquisition of 99% of shares in a Skopje bank. The firm has also worked on other banking-sector acquisitions by foreign investors.

Mens Legis has extensive experience in setting up joint ventures.

Managing Intellectual Property

Intellectual property

Useful contacts

Industrial Property Protection Office:

Ilindenska b.b.
1000 Skopje
Tel: +389 2 116 379
E-mail: mail@ippo.gov.mk

Recommended firms

Macedonia is party to the European Patent Convention as an extension country. **Mens Legis** offers intellectual property advice. **Berin Ltd** has a division dealing with protection of intellectual property. **Pepeljugoski Law Office & Intellectual Property Bureau** specializes in IP matters.

INTERNATIONAL
TECHNOLOGY
LAW LLP

Technology and telecommunications

Useful contacts

Ministry of Transport and Communications:

Plostad Crvena skopska opstina 4
1000 Skopje
Tel/Fax: + 389 2 123 292 / 126 228 / 145 497

Recommended firms

A consortium led by Hungarian national operator Matav and Deutsche Telekom this year bought 51% of national operator Makedonski Telekomunikacii (Maktel). As well as running the public network, Maktel controls MobiMak, Macedonia's only mobile operator.

Mens Legis carried out due diligence on the deal, advising Matav and Deutsche Telekom on local legal issues.

IK Rokas & Partners has extensive experience of telecoms regulatory matters in southeast Europe and the Balkans. The firm advised Iridium on regulatory issues and licence agreements for service provision in Macedonia.

For IT advice, **Polenak Law Office** has a good track record, advising internet service providers Unet and Ultra.