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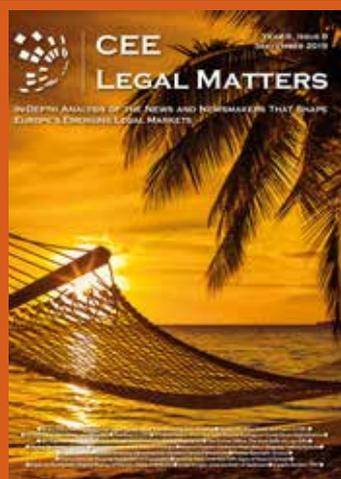
# LEGAL MATTERS

IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE  
EUROPE'S EMERGING LEGAL MARKETS

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If you like what you read in these pages (or even if you don't) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at:

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# EDITORIAL: THE META NATURE OF LAW FIRM BUSINESS

I was found myself thinking, as we were putting this issue together, about the meta nature of what commercial law firms do – advising clients on mergers and employment and data protection issues while at the same time facing those same internal challenges themselves.

Much of our content in this issue is related to that paradox. The Corner Office feature (page xx), for instance, is (as always) about the challenges involved in running a law firm business, and several contributors this time around draw specific attention to the irony of needing advice on how to handle their own internal employment issues.

This Table of Deals in this issue also includes an item (page 14) on the assistance Poland's Domanski Zakrzewski Palinka recently provided to the DWF Group plc related to its acquisition of the legal services business of K&L Gates' Warsaw office – one law firm advising another law firm on its acquisition of a third.

And this issue also contains an advertisement (page xx) for next spring's Dealer's Choice Law Firm Summit and 2020 CEE Deal of the Year Awards Banquet in London, which we hope will be an unparalleled international networking and business development opportunity for all lawyers attending, whether CEE-based, UK-based, or other. That is, again, lawyers talking with each other about creating business and increasing their bottom lines, rather than talking with clients about helping them find solutions to their problems.

Because of course the pressure on law firm economics, management, and revenues is never-ending; like a newborn baby, it requires almost constant attention. And rare indeed is the partner who enjoys those parts of the job as much as the more famous and client-focused parts.

CEE Legal Matters, I suppose, is part of the equation as well. We also pay attention to our finances, our employees, our lease, and other internal needs, even while we report on firms

focusing on those same issues, as they themselves advise clients – in large part – on how best to manage their own. And, of course, we have service providers of our own, both law firms and non (but with business practices guided by their own in-house lawyers), and the circle continues.

That's how economies work, of course, as giant circles, transferring and retransferring capital around and around, with sparks flying out in the form of take-home pay or (temporary?) savings. In high school my mind would have been blown by this recognition. Now, too busy focusing on how we're going to afford our operations, grow our business, and identify, train, and find qualified candidates for open positions while (successfully, so far!) avoiding bankruptcy, I shrug and move on.

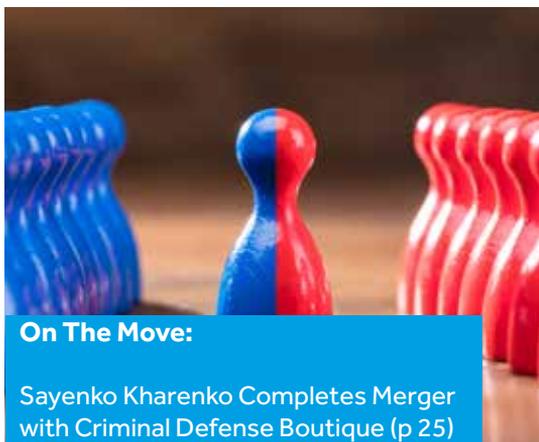
Still, let me stop for a moment to pay my respects to everyone out there managing, maintaining, and even expanding a CEE law firm. We have seen a number of friends, in a number of markets, suffer from the inevitable and unending ebb-and-flow of national economic health. Things are, in most of the countries we cover, pretty good right now (sorry, Turkey and Russia), and we of course hope those times last. But law firm business is never easy, even in the boom times, as competition grows ever-stronger and clients become ever-more demanding. And in the bust ... it can turn desperate.

So, while we enjoy the boom, let me take a minute to acknowledge the hard work you all do, in helping create and maintain these legal markets of stability, reliability, and trust. Good work.

(And see you in London).



David Stuckey

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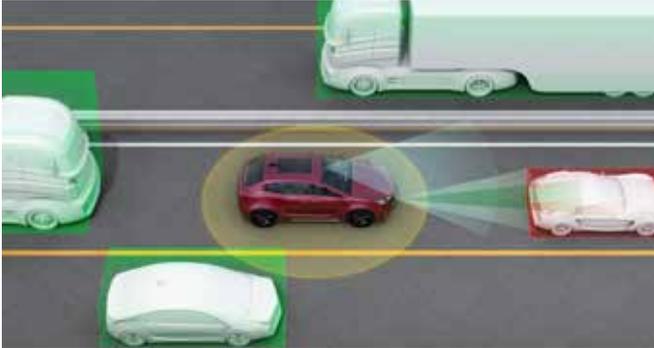
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## BULGARIA

## Connected Cars in Bulgaria: Exploring the Legal Pitfalls



Violetta Kunze

There were more than 2.7 million vehicles in Bulgaria in 2018, 319,639 of which were newly registered. Yet it appears that such figures, even in a country with a population of less than seven million, don't necessarily create an opportunity for the development of connected car services. Why aren't connected cars more significant and widely-used in Bulgaria?

Stakeholders in the Bulgarian connected car ecosystem (including car manufacturers, mobile network providers, connected car and fleet management services providers, and car owners) generally encounter a vehicle fleet dominated by cars at least five years old and legislation dealing with "classic" connectivity services such as Internet access and fixed/mobile voice services or SIM cards managed as physical assets (*i.e.*, physically provided and manually plugged in). Despite the fact that Bulgarian legislation lags behind the latest technological developments, it is potentially flexible enough to embrace any service providing for connectivity as an underlining feature as a "telecom service."

"Connected" cars are vehicles that use connectivity (*i.e.*, a conveyance of signals) in order to provide navigation, phone integration, remote services (lock, horn, tracking stolen vehicle), remote diagnostics and maintenance alerts, and entertainment services. Thus, the connectivity (usually based on a pre-installed SIM) is a core part of connected car services. The Bulgarian Electronic Communications Act, however, is based on the legal concepts of the 2002 European telecoms regulatory framework (which hasn't undergone any major amendments since 2009) and which defines an electronic communications service (ECS) as one that involves "wholly or mainly" the "conveyance of signals" without providing any details how "mainly" should be interpreted. In order to avoid the burdensome tel-

communications regulations, car manufacturers (or connected car/fleet management services providers) should therefore either avoid providing connectivity or develop the service so that it avoids being qualified as involving "mainly" conveyance of signals. The first approach seems unrealistic, as, due to the existence of region-specific regulations (such as eCall under EU law) car manufacturers, for example, already use connectivity solutions embedded in cars. Indeed, manufacturers don't provide the connectivity themselves and count on third parties.



Milka Ivanova

Fortunately, however, there is room for doubt as to whether connectivity is the "main" part of the service. Indeed, if the Bulgarian regulator (the Communications Regulation Commission, or CRC) chooses to assess the service based on whether, from a functional point of view, it includes the conveyance of signals, there is a huge potential to claim that the connected car service is an ECS. This claim could be supported by the fact that connected car services may be based on machine to machine (M2M) connectivity and that such services under Bulgarian law should qualify as an ECS. This is because the statutory definition of M2M services is based on data transfer, and data transfer services are explicitly included in the "List of the networks and services by virtue of which electronic communications services under general rules shall be provided." Yet the connected car service rarely represents pure connectivity; instead, it's a complex service dealing with telemetric, telematic, entertainment, and other services focusing primarily on the content and experience, rather than on the connectivity itself. Given such purely theoretical reasoning, it's feasible to claim that under Bulgarian law connected car services should not be subject to ECS regulation.

Unfortunately, the CRC is committed to a case-by-case assessment approach, which – due to the lack of publicly available information related to such assessments – doesn't help the stakeholders. Both legal practitioners and connected car service stakeholders know that using guidelines is a rare practice in Bulgaria, as guidelines aren't statutorily binding and thus don't contribute to legal certainty. This is unfortunate, as all players would benefit from knowing the official position of the regulator. In fact, the CRC has a new and unprecedented opportunity to issue clear guidance, as the upcoming transposition of the European Electronic Communications Code in Bulgaria provides a chance to clarify the legal nature of connected cars as well as other digital services. Any official position (regardless whether through a statutory instrument or a public statement) will be more than welcome. Its absence leaves space for factional regulatory compliance.

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