

## **Use Of Legal Networks Avoids Trouble While Doing Business Abroad¶**

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*Through use of law firms banded together in working networks, extraordinary accumulation of skills and knowledge become available, an asset when doing business abroad. Companies' use of local resident lawyers in the foreign country gain lifelong experience of the locale. Knowledge of local business customs, laws, regulations and the officials necessary to achieve business goals is made available. Networked law firms grow into global operations, gain offices in hundreds of cities worldwide.*

Doing business abroad carries with it an inevitable concern that a foreign court will exercise its "power" to bring your company before it.

The United Kingdom, the European Union and others have adopted ever-expanding powers. The 'group action' of the U.K. resembles the 'class action' of the U.S. The European Court of Justice handles business disputes involving U.S. companies doing business in the E.U. An Australian court has claimed jurisdiction over a U.S. company simply because of its website on the Worldwide Web.

Commercial opportunities increasingly force businesses to look abroad as their market and for new business opportunities. When lawyers find their clients testing the waters of foreign commerce, they too have to evolve their operations to cope with and serve their clients' ever-changing needs.

Worldwide networks of law firms have slowly come together as lawyers were forced to seek out law firms in other countries to assist them in servicing the needs of their clients. This has facilitated a means by which counsel can meet the challenge of differences in culture and language barriers. It also provides a superior means by which the great differences in legal systems, accounting practices and taxation can be overcome. The lawyers of the international networks also prove to be an asset in avoiding the pitfalls that arise from the differences in the way business is engaged in from country to country.

Law firms were drawn together by reason of necessity in international transactions where the parties must have a local counsel's advice to avoid misunderstandings and to be sure they comply with local laws, regulations and business practices. They also need someone most likely to know the local customs and officials, government agencies and the courts for each locale in which their clients are operating on a cross-border basis. Companies involved in cross-border transactions

require knowledgeable professionals from both sides of those borders, as a resource.

Networks consisting of many independent law firms with member offices in cities and countries worldwide have, of necessity, evolved to meet this need. Member lawyers know, work with, trust and understand each other. With a hundred or more law firms covering large metropolitan areas worldwide, and their lawyers' accumulated knowledge available near instantly within the network, client problems are more readily resolved. Working together, pairing independent law firms within the networks makes global expertise available to clients and provides qualified representation wherever a controversy arises. The networks are a remarkable achievement. Business clients appreciate the networked law firms' ability to provide help of known and trusted lawyers in most any country and city in which a company would do business. The network is a triumph over the random selection process of the past where clients chose legal counsel across the world with little to guide them.

No matter how carefully business is to be conducted, whatever form it takes, the chance that a company will have to deal with a foreign justice system has grown greater. Each movement of goods in the stream of commerce, each business arrangement within a foreign city or state increases the chance your company will come to learn just how different legal systems really are from one another throughout the world.

Companies can best learn to avoid the pitfalls of a foreign market through the use of lawyers raised and schooled in that locale. So, too, the foreign company doing business in the United States needs a U.S. guide through the maze of rules and regulations found in our state and federal laws.

Use of a local lawyer from a network can reduce the effect of your company looking like an outsider --- the "foreigner". Clients with U.S. lawyers paired with the lawyers of a foreign law firm provide a broad expertise otherwise hard to attain. This can readily be prearranged through the use of a legal network.

Almost always, a company summoned to appear before a foreign court must resist having a foreign judgment be entered against it. Although the business may be compelled to appear in the foreign court, it will often choose to challenge the right, power or jurisdiction of the particular court to force it to appear and defend itself. Once the foreign court decides it has the right to go forward, the exposure and risk of the case to company business operations can only be defended when represented by lawyers admitted to practice before that particular court. Thus emerges the greater necessity for networked lawyers, who can work closely with your domestic counsel.

Foreign courts reach afar. From a U.S. Court that must have looked foreign to a sheik in Cairo, when there was a \$100 million family feud in a Los Angeles divorce case, filed by an ex-wife against him; to a class action suit in a Korean court with far-reaching impact. From an Australian Court ordering default judgment for hundreds of thousands of dollars against a British tobacco company for allegedly destroying documents necessary to a lawsuit there; to a U.S. lawsuit against an International Commission over insurance claims on policies dating back to World War II. How different all courts look from a continent away -- how badly we need expertise available to quickly assemble the legal team that can face problems anywhere. Legal problems generally arise under local law; and are capable of being understood best by local lawyers at the particular locale, the scene where the controversy is to be resolved. This need can properly be accomplished best by using a network of internationally-based independent la

The activity of courts around the world constantly provides fresh examples of why law firms representing companies engaged in international transactions, across borders of the world, were forced into groups, networking internationally to obtain the ability to represent their clients when needed, on a global basis.

The illustrations and proof are there. Companies engaged in international business need attorneys who have already carefully selected, worked with, know and trust their foreign correspondents. Wherever the company, it can find advantage through legal networks of lawyers already established, who can provide the comfort of an international team of skilled practitioners capable of globally mending fences.

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