

Dentons Expands Presence in India Amidst Consideration of New Regulations by Baker McKenzie and Other Firms



Dentons, the renowned global law firm, has made history by becoming the first firm to enter the Indian market through a combination with Link Legal, a mid-size firm based in New Delhi. This landmark deal, announced in October, remains unchanged even after India relaxed its regulations to allow foreign lawyers and firms to practice within the country.

Dentons CEO Elliott Portnoy emphasized that their approach in India does not involve simply "flying in and out" or importing and exporting personnel. The collaboration with Link Legal does not entail any monetary transfers, ownership changes, or involvement of foreign lawyers. Atul Sharma, the executive chairman of Link Legal, confirmed that the rebranded entity, Dentons Link Legal, will maintain its independent ownership and management.

This strategic combination enables Dentons to establish a presence in five major Indian cities, leveraging the expertise of 150 local lawyers and professionals. Dentons, as a global firm, encompasses a network of firms operating in 82 countries worldwide.

While Dentons has successfully paved the way into India, other international firms, including those structured similarly to Dentons, are scrutinizing the details of India's recently introduced regulations. These firms are also examining a subsequent clarification that permits foreign lawyers from reciprocal jurisdictions to register and establish offices in India, with the limitation of practicing only foreign law for foreign clients.

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Baker McKenzie, a prominent international firm, has not yet announced a timeline for establishing an office in India, according to Ashok Lalwani, chair of the firm's India practice. Instead, Baker McKenzie currently services Indian clients through a fly-in, fly-out model, with 300 lawyers working offshore on India-related matters.

US-based Covington & Burling expressed concerns over the complexity of India's new rules, highlighting the demanding registration process and self-defeating limitations. Ambiguity lingers regarding the reciprocity framework, restrictions on advising "foreign" clients in India, and the implications for fly-in, fly-out arrangements when a firm has a local office.

The Bar Council of India has not yet published registration forms and ongoing protests by Indian lawyers may potentially influence modifications to the rules. Additionally, there are concerns surrounding fee structures and taxation in India, further complicating the decision-making process for international firms.

DLA Piper, another prominent global firm, stated that while they recognize the significant opportunities in India, they are still assessing how their presence would develop in the country. Currently, DLA Piper maintains an offshore India-focused practice.

According to David Wilkins, professor of law and director of the Center on the Legal Profession at Harvard Law School, the legal profession has traditionally been regulated locally and characterized by protectionism. The impetus for opening up typically comes from large clients who seek firms capable of serving them across multiple jurisdictions. However, opposition from local firms often results in phased liberalization. Wilkins believes there will not be a sudden rush comparable to China's experiences in the 1990s.

China witnessed a remarkable increase in the number of foreign law firms, reaching a peak of 232 in 2014 from a mere 12 in 1992, as reported by the China Justice Observer. However, this number declined to 185 by 2020 due to reduced cross-border investment activity, ongoing restrictions on foreign firms, and the rise of local firms.

Portnoy from Dentons noted that private sector law firms in China have only been established for approximately 25 years, making the Chinese legal bar less sophisticated, mature, and experienced compared to India, where the

legal profession has a long-standing history. Portnoy likened India's legal landscape to that of Singapore, which has invested significantly in legal industry reform and advancement.

Wilkins emphasized the value of fostering a globally competitive legal sector, including corporate law firms, and suggested that India should aim to attract more firms and professionals to bolster its legal industry.

Dentons has successfully entered the Indian market through its combination with Link Legal, making it the first global firm to establish a presence in India. While Dentons expands its operations, other international firms continue to analyze the intricacies of India's new regulations. The legal industry in India is undergoing a transformative phase, with potential opportunities and challenges on the horizon as the country opens its doors to foreign firms.

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