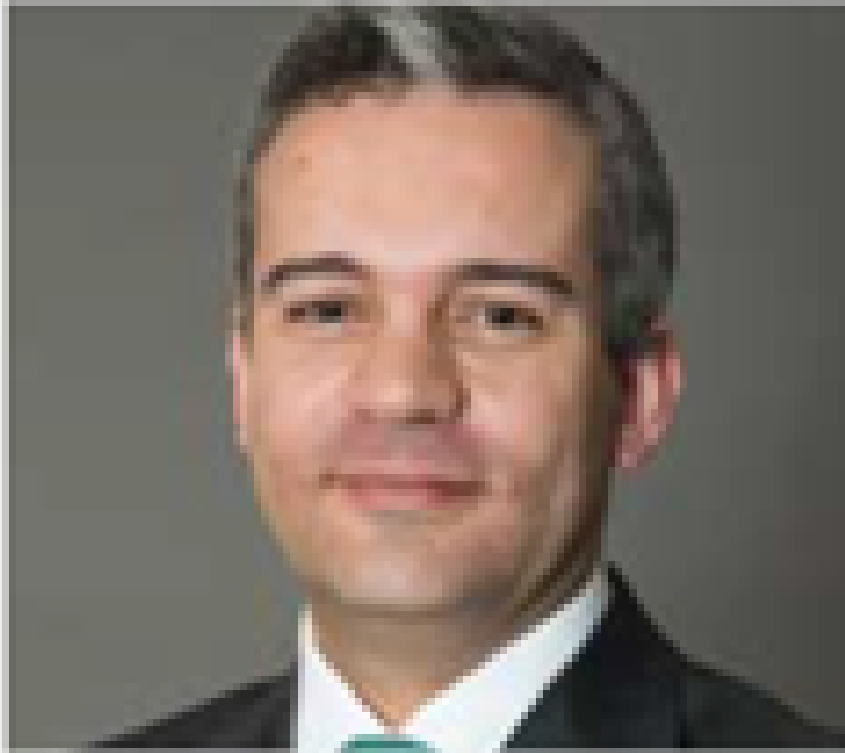


LITIGATION IS NO LONGER THE 'UGLY DUCKLING' - FCB SOCIEDADE DE ADVOGADOS

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Dispute resolution teams are now major generators of revenue for law firms in Portugal, but before the crisis, litigators were often overshadowed by M&A and real estate lawyers

Prior to the global economic crisis, litigation was sometimes seen by law firms as the “ugly duckling” in that it was less profitable than M&A and real estate work; but following the downturn, that changed, according to Rui Tabarra e Castro, associate at FCB Sociedade de Advogados.

A significant proportion of the revenue of law firms in Portugal is now generated by litigation, says Tabarra e Castro. “The downturn happened and suddenly it was M&A and real estate that had less work, whereas the litigation teams were able to keep some firms going,” he adds.

Growing dispute resolution team

Now, with clients such as the Portuguese bank Novo Banco facing a high volume of credit recovery lawsuits [pertaining to the collapse of Banco Espírito Santo], Tabarra e Castro says that his firm’s dispute resolution team has significantly increased in size. “Back in 2006, if you had asked trainee

lawyers if they wanted to work in M&A, real estate or litigation, they would have chosen the first two sectors," he says. "Now, they can see we have a lot of work in litigation and that the proceedings demand a lot of multidisciplinary skills – this has changed things."

However, in a practice area traditionally associated with lower fees, with many of these lawsuits taking two to four years to play out, litigation lawyers now face the ongoing challenge of clients wanting to reduce fees.

Lower rates

"Clients understand that they have to hire specialised lawyers as it is very complex work," Tabarra e Castro says. "At the same time, they want to know how much they are going to spend at the outset and ask for lower rates and fee proposals – this means we're always having to convince them that paying for a good lawyer is important in order to have a good case."