

# AWARDING COSTS IN COURT PROCEEDINGS FOR APPEALING REFUSALS OF REQUESTED ENTRIES IN THE COMMERCIAL REGISTER

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## Abstract

*The ultimate goal of the commercial registration is to serve the interests of private individuals and entities, so that they could take full advantage of the legal effects of the commercial register entries. To achieve this aim, sufficient control mechanisms should be in place to ensure that registry official rulings meet all legal requirements. The law therefore establishes a court procedure for contesting such refusals by the applicants. This procedure, although focused at the appealed refusal, calls for the protection of a broader range of civil rights, among which the compensation of the procedural costs incurred as a result of the faulty refusal and its contesting. The present paper explores the obstacles hindering the rightful course of the registry refusal litigation proceedings, with focus on awarding the appellant's expenses within the said court procedure. Despite the fact that these hindrances followed the legal amendments to the Law on the Commercial Register at the end of 2020, the shortcomings in the legal practice are not the result of imperfect lawmaking, but of the way the law is interpreted in recent case-law. The latter is analysed in detail further in this report, in order to identify the key misinterpretations which led to malpractice. This report also suggests ways forward to address the subject and to find solutions to the mentioned shortcomings.*

**Keywords:** *commercial registration, refusal, appeal costs obstacles, case-law.*

## 1. Introduction

The procedure on granting entries in the commercial register (registry procedure) is essentially assistance by the State to achieve private interests so that the interested parties could benefit from the legal opportunities arising from commercial registration. Where achieving these interests is impeded by the refusal of a registration officer to make the requested entry, those affected by the refusal should be able to rely on an independent and effective mechanism for reviewing registry decisions. Such a mechanism is provided for in Article 25 of the Law on the Commercial Register and the Register of Non-Profit Legal Entities ('Law

on the Commercial Register') by means of the possibility to appeal the refusal in court. The court proceedings set out for this purpose, although special in view of their purpose, bear the hallmarks of classical court proceedings and as such presuppose the protection of fundamental civil rights. Compliance with those rights is jeopardized by a misinterpretation of certain rules in the court proceedings against refusals concerning the powers of the Registry Agency in the proceedings and the award of costs to the applicant in the event of a refusal being annulled. This report will first address the specifics of the judicial proceedings against a registry refusal, before focusing on the obstacles in these proceedings, their

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origin, interpretation and their impact on the rights of the registrants.

The subject matter of this report has not been previously discussed in legal literature.

## **2. Content**

### **2.1. Review of the appeal procedure against refusals of registration**

The statutory framework of appeals against refusals by registration officers is contained in section 25 of the Law on the Commercial Register. The appeals are judicial proceedings which are specific in relation to the general civil and administrative court proceedings. This is because the registry procedure is itself a special administrative procedure and as such is regulated in a separate law. Jurisdiction to hear appeals against refusals by registration officials lies with the district courts where the registry subjects have their official address. The registry subjects are merchants and branches of foreign merchants, non-profit legal persons and branches of non-profit legal persons.

In practice, it is accepted that applicants and persons authorized to submit applications on behalf of registry subjects have the right to appeal refusals. This right may be exercised within 7 days of the notification for the refusal.

Appeals against refusals are lodged through the Registry Agency - the structure in charge of administering the commercial register within which the refusal was issued. The submission of the appeal may be made either on paper (Article 16 (1) of the Law on the Registration of Companies) or electronically (Article 17 (1) of the Law on the Registration of Companies). The Registry Agency is obliged to immediately send to the court the complaint, the refusal,

the refused application and the annexes thereto. The Law on the Commercial Register does not expressly provide rules for the content of the appeal, but insofar as in the judicial proceedings against refusals the court examines the appeal the same way as it does for the rulings under the Civil Procedure Code ('CPC'), the mandatory requisites of the appeal are also thus determined (Article 275, paragraph 2, in conjunction with Article 260 of the CPC). In that sense, the appeal must contain the name and address of the registrant, the UIC, an indication of the refusal appealed against, an indication of the defect of the refusal, the nature of the claim and the signature of the appellant. The notice of appeal should also set out the new facts and evidence which the applicant wishes the court to consider. In any event, however, evidence which by law should have been submitted with the application for registration but for whatever reason was not submitted is not admissible.

Amendments to the the Law on the Commercial Register in December 2020 introduced the possibility for the Registry Agency to file a response to the complaint, accompanied by documentary evidence. The right thus conferred became an occasion to unjustifiably extend the interpretation of the Agency's powers in appeal proceedings against refusals. This flawed practice will be commented on a little later in this report. The appeal against the registry refusal is examined by a single judge in closed session. In the appeal proceedings against refusals, the court shall consider whether the rules on pronouncing the refusal of Article 24 (1) of the Law on the Commercial Register have been complied with. The court shall examine whether the refusal was made in accordance with the provisions of other laws governing the circumstances to be registered.

As already stated above, the appeal shall be dealt with in accordance with the

procedure for appeals against court rulings under the CPC, to which procedure Article 25 (4) of the Law on the Commercial Register refers to. This circumstance is significant in several respects. For example, the court has the power to collect evidence if it deems it necessary (Article 278 (2) of the CPC). An exception is made for evidence which must have been initially attached to the application for registration. Omissions in the application for registration cannot be remedied by the court. Another important consequence of the reference to the Civil Procedure Code in Article 25 (4) of the Law on the Commercial Register relates to the awarding of costs in court proceedings against refusals. Issues relating to the awarding of costs in appeals against refusals will be dealt with separately in this report.

In the appeal proceedings against registry refusals, the court shall rule either by confirming the refusal or annulling it. The decision by which the court confirms the refusal shall be subject to appeal by the appellant within seven days of its notification before the relevant Court of Appeal, whose decision shall be final. Where the refusal is revoked, the court shall give binding instructions to the Registry Agency to make the requested entry in the commercial register.

In case of revoked refusal, the Registry Agency has no legal possibility to appeal the court decision. There is also no possibility for the appellant to appeal against the revocation of a refusal, in so far as the revocation is the result sought by the appellant in relation to which he initiated the proceedings. The Law on the Commercial Register does not set a specific time limit for the court to rule on the appeal. In the absence of such a specific provision, the general rule of Article 235 (5) of the CPC applies,

according to which the court shall announce its decision together with motives within one month from the hearing. However, this term is instructive and does not bind the court to strict compliance with it.

## **2.2. Problems in the appeal procedure against refusals of registration after the legislative changes of December 2020**

In December 2020, three amendments were made to the statutory framework for appeal proceedings against refusals<sup>1</sup>:

1) Paragraph 2 of Article 25 of the Law on the Commercial Register has been supplemented to give the Registry Agency the right to file a response to the appeal against the refusal accompanied by written evidence. This change is only intended to provide the Registry Agency with an opportunity to give its opinion on the arguments set out in the appeal and to present its arguments in support of the contested refusal. 2) Paragraph 4 of Article 25 of the Law on the Commercial Register clarifies the persons to whom the court decision should be communicated, namely the appellant and the Registry Agency. The amended text literally reads: „the court decision may be appealed within 7-days of notification to the appellant and the agency before the relevant court of appeal, whose decision is final.’ 3) A new paragraph (6) of Article 25 of the Law on the Commercial Register was adopted which allows for expenses to be awarded in the appeal proceedings against refusals. This new provision reads as follows: ‘In proceedings, the court shall award expenses to the parties in accordance with the Civil Procedure Code’ The amendment is dictated by the need to explicitly regulate the issue of

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<sup>1</sup> Published in Bulgarian State Gazette, issue 105 of 11 December 2020.

expenses in these proceedings in order to resolve the long-standing controversy on this issue between legal practitioners and in case-law.

None of these amendments is intended to alter the substance of the appeal proceedings, but the practical application of the amendments has raised a number of issues and hindered the applicants' rights in the court proceedings. The explanatory notes accompanying the amendments do not comment on the first two changes and, in relation to the third, merely state that a change in the law is necessary to regulate the award of expenses in appeal proceedings against refusals. Prior to the adoption of the said amendments, there was a general agreement that only the appellant had the right to appeal a court decision on registry refusal case, and to claim expenses, albeit in the form of compensation in separate court proceedings. However, the statutory amendments have been interpreted by the Registry Agency in a way that would allow it to extend its powers in court proceedings against refusals. The agency began appealing court decisions revoking refusals, arguing the newly introduced legal option to provide an answer appeals. The Agency also referred to the recent addition to paragraph 4 on Art. 25 of the Law on the Commercial Register, according to which the court decision shall be communicated to the Agency as well as the appellant, pointing out that this also gives the right to the agency to appeal the decision in the specified 7-day term from the notification.

It is worth explaining here that the mere sending of the decision to the Registry Agency is not a new legal addition.

This rule is derived from paragraph 5 of Article 25 of the Law on the Commercial Register, according to which in case of revocation of the refusal, the court shall give binding instructions to the Registry Agency to make the requested entry by sending the

decision and the documents relating to the entry. Based on the understanding thus formed as to the extension of its possibilities to participate in the proceedings, the agency began to claim expenses before the court, on the pretext that it could benefit from the new text for awarding expenses in the refusal proceedings. The above conclusions of the Registry Agency are unfounded, in so far as the legal provisions must be interpreted in accordance with the purpose of the law and the fundamental principles of Bulgarian law (Article 46 (1) of the Law on Statutory Instruments). The option for the agency to submit an opinion on the appeal and the fact that the decision is communicated to the agency cannot be interpreted broadly as creating new procedural rules for the Registry Agency which are expressly laid down in the law. The purpose of the Law on the Commercial Register is to regulate entries in the commercial register, and the main role of that register is to serve the interests of the registrants. The Registry Agency itself is subordinated to this role as a state structure responsible commercial registration. As such, the Agency does not oppose its own rights and interests to those of the registry subjects, but on the contrary - it is intended to serve the registrants.

In this sense, the agency is not justified in extending its procedural capabilities in court proceedings designed to protect the interests of registrants. Moreover, if the interpretations of the Registry Agency were to be adopted, the very essence of the procedure for appealing against refusals would be altered, which is not the meaning of the legislative amendments in question. Notwithstanding the above, a number of courts have allowed appeals by the Registry Agency against decisions in court proceedings against refusals, thus creating flawed case law. As a consequence of such appeals, the period for the final resolution of cases was substantially extended,

discouraging registrants from appealing refusals at all, and instead filing new applications for registration. This situation essentially thwarted the refusal appeal procedure itself: instead of providing protection against unlawful registry refusals, the court procedure significantly delayed the requested entries, which consequently hampered the applicants' activities and discouraged them from appealing the refusals. This led to violation the fundamental right to defence guaranteed by Article 56 of the Constitution of the Republic of Bulgaria.

Notwithstanding some contradictory court rulings, the current case-law does not allow the Registry Agency to appeal and does not award expenses to the agency in proceedings against registry refusals. This practice should be upheld, since in proceedings against refusals the legal interest of the registrant who suffers the consequences of the refusal shall be primarily defended. The Registry Agency (through the registration officers) is only obliged to rule lawfully on applications for registration, but its legal sphere is not affected either by the refusal or by the proceedings against its ruling.

The Supreme Court of Cassation has taken a similar view, stating in its judgments that the amendments to Article 25 of the Law on the Commercial Register (promulgated in the Official Gazette, issue No. 105/2020) are aimed only at an attempt by the legislator to resolve the issue of expenses in the appeal proceedings against registry refusals, but not to redefine the legal characteristics of the registration proceedings.<sup>2</sup> For the reasons set out above, the Registry Agency should not be allowed to exceed its powers in court proceedings against refusals, as this would create dangerous precedents and distort the

purpose of these proceedings and of the commercial registration procedure itself, which is subordinate to the interests of the registrants.

### **2.3. Awarding expenses in appeal proceedings against registry refusals**

The issue of the expenses made by the appellants in court proceedings against refusals has long been controversial due to the incompleteness of the legal framework and the practical difficulties of its application. The amendments to the Law on the Commercial Register from December 2020 aimed to regulate the issue by explicitly creating the possibility of awarding expenses in the proceedings against registry refusals. However, instead of resolving the existing problems, the interpretation of the new legal amendment created new obstacles and made it virtually impossible to recover these expenses. Prior to the amendments to the Law on the Commercial Register, the law did not contain a legal basis on which appellants could claim expenses in appeal proceedings against refusals. The recovery of the pecuniary damage caused to the applicant by an unlawful revoked refusal was achieved in a separate court proceedings under Art. 1 of the Law on Liability of the State and Municipalities for Damages ('LLSMD').

A special reference to this law exists in Article 28 (2) of the Law on the Commercial Register, stating that the Registry Agency is liable for the damages caused to natural and legal persons by unlawful acts, actions and omissions of the registration officials under the procedure of the LLSMD. Expenses, therefore, were not awarded directly as such in a single proceeding, but had to be sought separately in the form of damages suffered

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<sup>2</sup> Extract from Court Ruling in commercial case No 1250/2021 of the Supreme Court of Cassation.

in a second lawsuit. In order to pursue this separate lawsuit, the persons affected by unlawful refusals not only had to invest additional time, but also incurred further expenses for fees and for legal defence. In this manifestly unfair situation, the persons concerned in effect suffer twice from the unlawful action of a public authority. A legal solution to the problem was demanded both by legal practitioners and by the directly affected economic and social groups. The stakeholders united around the proposal to introduce an explicit wording in the Law on the Commercial Register regulating the awarding of expenses in court proceedings against registry refusals. As a result, Article 25 of the Law on the Commercial Register was supplemented by a new paragraph 6 with the following text: 'In proceedings [on appeal against refusals] the court shall award expenses in accordance with the Civil Procedure Code.'

It is obvious that in the context of the requested legal amendment the text refers to the general procedure for awarding expenses in civil proceedings, regulated under Article 78 and Article 81 of the CPC. This simple and equitable legal amendment was expected to put an end to a long-existing but resolvable controversy. However, a number of district courts, rather than awarding the applicants the expenses in the proceedings of revoked refusals, rejected their expenditure claims, reasoning on the basis of Article 541 of the CPC, which states that 'The expenses of non-contentious proceedings shall be borne by the applicant.' These courts maintain that the proceedings under Article 25 of the Law on the Commercial Register are non-contentious in nature, and in so far as the new paragraph 6 of Article 25 of the

Law on the Commercial Register (concerning the expenses in appeals against refusals) refers to rules for awarding expenses under the CPC, Article 541 of the CPC on the expenses in non-contentious proceedings should be applicable.

Other courts did not even consider the applicants' claims for an awarding expenses.

The said reasoning of the District Courts has been repeated in several rulings of the Supreme Court of Cassation<sup>3</sup>, thus turning these arguments into binding case-law. Thus, instead of facilitating the recovery of the appellants' property unlawfully diminished by the annulled refusal, the appellants' situation is further aggravated - the case-law of the courts inherently denies the appellants' right to expenses against registry refusals.

In this situation, is the option for material compensation of the expenses under the procedure of the Law on Compensation for Damages (which was in force before the discussed legal amendments) still applicable? The answer to this question is also in the negative. Such a conclusion follows from the interpretation of the provisions of the Law on the Compensation for Damages, in the context of the special procedure for the awarding expenses under Article 25 (6) of the Law on the Commercial Register. Art. 8 (1) of the Law on Compensation for Damages provides that damages caused by unlawful acts of public authorities may be compensated under this law, but only if no special method of compensation is provided for. Such a special method was put in place with the amendments to Art. 25 of the Law on the Commercial Register.

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<sup>3</sup> In this sense: Court Ruling in commercial case No 2742/2021 of the Supreme Court of Cassation; Court Ruling in commercial case No 585/2022 of the Supreme Court of Cassation; Court Ruling in commercial case No 768/2022 of the Supreme Court of

Cassation; Court Ruling in commercial case No 2297/2022 of the Supreme Court of Cassation; Court Ruling in commercial case No 1573/2023 of the Supreme Court of Cassation.

The administrative courts have passed decisions in that sense since the amendments to the Law on the Commercial Register, refusing the claims for expenses made under the Law on Compensation for Damages. As a result, the right of the applicants to be awarded the expenses according to the special provisions of the Law on the Commercial Register is barred, but at the same time the procedure for compensation under the Law on Compensation for Damages is also unavailable to the applicants due to the existence of a special statutory procedure for recovering expenses. The practice for not awarding expenses thus created by case-law not only contradicts the basic principles of Bulgarian law, but is in the exact opposite direction to the objectives set by the discussed legal amendments.

In the first place, in court cases against registry refusals, where those refusals have been revoked by the court, the wrongful act of the registry official has compelled the appellant to incur expenses in defending his interests. These costs generally include State fees and attorney's charges.

The payment of a State fee is a prerequisite for judicial procedure against registry refusals, and it is precisely this procedure, regulated under Article 25 of the Law on the Commercial Register, which guarantees the possibility for the applicants to defend their violated legal rights. This payment is in direct relation to the revoked refusal, which was issued as a result of unlawful actions of the registration officer.

The hiring of a lawyer in an appeal against a refusal is a normal decision of the persons concerned for their impaired rights and interests, and the remuneration of that lawyer is peremptorily payable under section 36 of the Advocates Act. Since the

applicant is entitled to counsel in appealing the refusal and has at the same time paid a fee for that counsel, it is for the purpose of properly defending himself against the registry refusal that he has expended the funds. If the unlawful refusal had not been issued, there would have been no judicial appeal against it, in which the applicant may exercise his right to defend himself as he sees fit, including by hiring a lawyer to whom he owes remuneration.

In spite of the optional nature of the lawyer's defence, the funds paid for it are subject to reimbursement, because the right to defence, including that provided by a lawyer, is a fundamental right, guaranteed by Article 56 of the Constitution of the Republic of Bulgaria. This right shall not be restricted in any way, including under the threat of non-recovery of the lawyer's fees paid, despite a successful outcome of the case for the applicant, who benefited from the defence. The fact that the use of counsel in this type of case is not mandatory does not lead to the conclusion that the applicant is not entitled to retain counsel.<sup>4</sup> In support of the above conclusion, additional arguments can be sought in the reasoning of the Supreme Administrative Court.<sup>5</sup> In the court rulings rejecting the requests for expenses in appeals against unlawful registry refusals, it is argued that in this case the proceedings are non-contentious. In this regard, it is suggested that the provision of Article 25 (6) of the Law on the Commercial Register, according to which expenses are to be awarded in accordance with the Civil procedure Code, refers to the regulation of non-contentious proceedings in the CPC and, in particular, Article 541 of the CPC, according to which expenses in non-

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<sup>4</sup> In this sense: Court Decision in administrative case No 6208/2018 of Sofia Administrative Court.

<sup>5</sup> Interpretative Decision No. 1/15.03.2017 in commercial case No 2/2016 of the Supreme Administrative Court.

contentious proceedings are to be borne by the applicant.

This suggestion is entirely wrong: both as regards the nature of the proceedings and as regards the provisions of the

CPC to which Article 25 (6) of the Law on the Commercial Register refers. Bulgarian jurisprudence has traditionally held that the proceedings for entries in the commercial register are non-contentious in nature, insofar as they serve the interests of the registrants, affect only their private sphere and do not concern a legal dispute. The rulings of the registry officials, whether to grant the registry entry or to refuse it, belong precisely to the procedure of registration in the commercial register. These proceedings are designed to ensure that the interested party is able to achieve its objectives by means of the requested registry entry, where legal prerequisites for such entry exist. In cases where registration is refused, the applicants are prevented from achieving their legitimate interest.

In the event of a refusal, the applicants shall have the right to initiate judicial control of the correctness of the refusal, which impedes their interest. This right, however, is different from the right to apply for registration entry and is exercised in special court proceedings - the judicial control proceedings under Article 25 of the Law on the Commercial Register. The latter is distinguished from the procedure for entry in the commercial register both by reason and purpose. The judicial control proceedings examine whether there have been unlawful actions by the registration officer in the registry entry procedure. There is no doubt that these are two different proceedings which, moreover, cannot be placed under the same denominator as non-contentious proceedings. While the registry entry

procedure involves the State and the applicant in the provision of a public service, the judicial control proceedings against a refusal involve the court as well, acting as arbiter for an appealed act of a State official. The fact of the appeal and the claim for restitution of the applicant's violated rights in the judicial proceedings against the registry refusal distinguish these proceedings substantially from the registry entry procedure designed to serve the interests of the applicant - it is this purpose that gives the registry entry procedure its non-contentious character.

In this sense is the ruling of the Supreme Administrative Court, concerning the awarding of expenses in a proceeding before a district court against a registry refusal<sup>6</sup>: 'In view of the subject-matter of the appeal, the proceedings before the district court are not non-contentious, because they do not arise from a defense due and ordered by a court, but from contesting the correctness of an act rendered by a non-judicial body to which, by virtue of a special law, the rights and duties to perform an administrative service are attributed.' In view of the foregoing, it is unreasonable and erroneous to equate the appeal proceedings against a registry refusal to non-contentious procedures. Such notions in case-law do not rest on any legal arguments, but mechanically reproduce the understanding of the non-contentious nature of a registry entry procedure, which is definitely not analogous to judicial proceedings on appeal against registry refusals.

Hence Art. 541 of the Civil Procedure Code, according to which the costs are at the expense of the applicant, is inapplicable in court proceedings against refusals. This provision applies to non-contentious proceedings only, but the cases of contesting

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<sup>6</sup> Court Ruling in administrative case No. 9198/2023 of the Supreme Administrative Court.

registration refusals are not non-contentious in nature.

Regardless of the above, there is another consideration that the rules of the Code of Civil Procedure, to which Art. 25, para. 6 of the Law on the Commercial Register refers, does not involve non-contentious proceedings. Para 4 of Art. 25 of the Law on the Commercial Register, regulating the procedure for appealing registration refusals, stipulates that the court examines the appeal in accordance with Chapter XXI 'Appeal of court rulings' of the Code of Civil Procedure. From the systematic place of para. 6 of Art. 25 of the Law on the Commercial Register, according to which expenses in proceedings against refusals are awarded according to the rules of the Civil procedure Code, it logically follows that the reference to the CPC concerns specifically Chapter XXI 'Appeals of court rulings' - according to this chapter, the court shall rule on the claims in the appeal against the refusal, including requests for expenses.

Chapter 'Appeals of court rulings' does not specifically deal with expenses incurred in these proceedings. Art. 278, para. 4 of the CPC from the mentioned chapter, however, contains a reference to the rules for appealing court decisions. These rules include Art. 273 of the CPC, which in turn refers to the proceedings before the first instance court. In Art. 236 of the CPC, related to the proceedings before the first instance court, in para. 1, item 6, it is expressly stated that the decision shall also contain a ruling on the issue of awarding expenses, such as state fees and attorney's remuneration.

Apart from that, Art. 81 of CPC provides that in each court decision the court shall also rule on the claim for expenses, and

Art. 78 of the CPC regulates the manner in which expenses are awarded - proportionally to the awarded part of the claim (Art. 78, para. 1 Civil Procedure Code). The legal framework traced in this way undoubtedly leads to the conclusion that the applicable procedure under the Civil Procedure Code for awarding expenses in proceedings on appeals against registry refusals is the one ensuing from Chapter XXI 'Appeals of court rulings', and not the regulation of non-contentious proceedings. Art. 541 of the CPC regarding the applicant's bearing the expenses in non-contentious proceedings is therefore irrelevant. There is also no doubt that the expenses include both State fees and attorney's remuneration due and paid by the appellant in the proceedings. The revoking of the refusal as a result of the appeal provides grounds for awarding the full amount of expenses claimed by the appellant.<sup>7</sup>

From what has been stated so far, an indisputable conclusion can be drawn that the problems with the implementation of the amendments to the Law on the Commercial Register are not due to defects in the law, but to its wrong interpretation and practical application. These erroneous practices lead to violation of the basic civil right of defence, guaranteed by Art. 56 of the Constitution of the Republic of Bulgaria.

### 3. Conclusion

The Bulgarian legislation provides a control mechanism over registry refusals in the form of a special court proceeding initiated on the applicant's claim. Judicial control aims to guarantee the rights and legitimate interests of the applicants in case of illegal actions of the State through the registration officials, insofar as the

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<sup>7</sup> In this sense: Court Decision in administrative case No 8854/2021 of Sofia Administrative Court.

registration procedure itself is intended to benefit and serve the registrants and their business.

The current regulatory framework is tailored to the specifics of the appeal proceedings against refusals. The legal amendments in the Law on Commercial Register from December 2020 were aimed to supplement and clarify the existing rules, without fundamentally changing the essence of the proceedings. Of particular importance was the creation of a legal basis for awarding costs to the appellant in the overturned refusal proceedings.

Despite the intentions to improve the law, unexpected and contradictory interpretations of the new provisions appeared in case-law, which worsened the situation of the appellants and violated their fundamental rights. These vicious practices are related to the unjustified broad interpretation of the powers of the Registration Agency in the appeal proceedings, and above all, to the obstruction of the appellant's right to recover

the expenses incurred as a result of the illegal registry refusal.

This report traces which legal provisions are subject to incorrect application, what constitutes the incorrectness of case-law interpretations and how these erroneous practices damage the rights of the applicants. A focus is placed on the fact that the contradictions are not a consequence of imperfections in the law, but in the vicious interpretations and legal practices, which urgently need to be reconsidered.

This report aims to give publicity to the presented problems, as it needs to be discussed on a broader scale by legal practitioners, business professionals, public and private representative bodies and civil right activists alike.

As until this moment the issues stated above have not been the subject of academic research, another purpose of this paper is to provoke further studies of the matter in question and its implications.

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