

activity of national corporations. Thus, in the process of further development of corporate relations and corporate management, the function of the country consists in formation of institutional conditions for providing comprehensive protection and coordination of lawful interests of all the participants of corporate relations.

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## UNFAIR COMPETITION IN THE LEGAL SERVICES BUSINESS: CHALLENGES TO THE LEGAL ECONOMY

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The legal economy is a system, in which the legal economic activity of some business entities does not endanger opportunities of other business entities to exercise their social and economic rights. Criteria of the legal economy are as follows: the lawful, regulated economic activity; the clear formulation of rights for each business entity; equal opportunities in exercising their social and economic rights (Ovsiienko, 2015: 103, 106).

Unfair competition is one of challenges to the legal economy. The Law of Ukraine «On Protection against Unfair Competition» defines the unfair competition as any acts in the competition that contradict trade and other fair business practices. The Antitrust Committee of Ukraine (ATCU) defines the unfair competition as the violation of rules of the business practice, which are broadly applied in entrepreneurship and are recognized by entrepreneurs as obligatory business norms that injure relations of fair competition and freedom in the entrepreneurial activity. Unfair competition is dishonest actions of a businessman aimed at elimination or restriction of competition in a market through usage of another's business reputation, formation of obstacles for a rival, obtaining unlawful benefits in competition on a market, unlawful collection, dissemination, and usage of a commercial secret (amc.gov.ua, 2016). The author agrees with researchers, who consider unfair competition as the abuse of a right to freedom of competition on the part of business entities (Shchokin, 2014: 19).

The legal services business is a peculiar form of unfair competition. A modern legal services firm (hereinafter — LF) being an entrepreneurial organization aims at attaining some legal result and gaining profit. At the same time, a LF permanently competes with other legal services market participants. Instead of prevention of unfair competition, it also becomes a subject of such competition.

There are the main forms of unfair competition in the legal services business:

- damping, which encompasses: supply of services at an understated price; setting an understated price for a complex service, which gradually increases; providing low-quality services or rendering services incompletely; division of services into parts and providing it incompletely and at a lower price; providing services for free. The research «The 50 leading legal services firms of Ukraine in 2015» recognizes damping as the main instrument of competitive fight in the legal services market;

- dissemination of uncertain information, which humiliates honor and dignity of rivals, injures business reputation, in mass-media and on the Internet; dissemination of official information, when there are no evidentiary basis;

- distortion of open access information about a person providing a legal service (a case of a legal service company «Pravovoi Alians» in 2007);

- enticement of lawyers from other LFs;

- enticement of customers by former employees of a company or rivals with the use of deception and underestimation of rival's qualification;

- providing a customer with false guarantees of success, which undermine trust to all legal services market participants and form insight on immorality of lawyers and attorneys;

- unfair advertisement, which contains uncertain information about results of LF services and disseminates it through web-sites or in mass-media;

- usage of another's trade mark;

- usage of authorities of professional unions (for instance, the attorney association) for elimination of rivals;

- «collaboration» of LFs with governmental officials. There are cases, in which business entities are recommended to apply to a certain LF in order to register documents or to gain licenses without fail;

- violation of terms of tenders concerned with involvement of LFs in execution of particular tasks of government agencies; their closeness, unofficial nature, and a risk of invalidation of tender results.

It is worth mentioning that consequences of unfair competition in the legal services business injure not only interests of particular LFs, but also interests of customers of legal services. Therefore, government agencies (first of all, the ATCU) as well as the legal services market participants should take part in regulation of

unfair competition. Professional public bar associations, which develop and control conformity with rules of professional law ethics in the legal services market, direct their efforts towards fighting unfair competition. The most famous rules are international *IBA International Code of Ethics*, *ABA Model Rules of Professional Conduct*, *SRA Code of Conduct* and «The Rules of Attorney Ethics» affirmed by the Higher Qualification Bar Commission of the Cabinet of Ministry of Ukraine being more usual for a Ukrainian lawyer (ukrjurist.com, 2014; Venhryniak, 2015).

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## REFORMATION OF THE UKRAINIAN ECONOMY: WHAT'S WRONG?

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The issues of economic reformations in Ukraine are the everlasting ones. Independence gaining, Constitution adoption, «Orange» revolution, the conflict between president and prime-minister during the Yushchenko cadency, formation and breaking down of the Yanukovych regime, the Ukraine-European Union association agreement signature... The necessity to modernize domestic economy in the context of each of the above -mentioned political events has been considered as the axiom and has required public discussions of the reforms.