

A chat GPT translation of an article in Dagens Industri, August 29, 2023

"Robbers weren't my thing..."

From a maritime law firm to Sweden's third-largest business law firm. Håkan Fohlin, who recently reached the age limit he himself had a hand in shaping, has witnessed the comprehensive transformation of both Setterwalls and business law in general.

He's far from being a quitter. From January 1987 to December 2022, for a total of 36 years, Håkan Fohlin remained loyal to Setterwalls. Now, he has started his own law firm.

"During my studies, I worked part-time at the custody of Stockholm, serving breakfast to the well-known Swedish criminals like Lars-Inge Svartenbrandt and Clark Olofsson. But murderers and robbers weren't my thing."

Growing up in Brazil, he was instead drawn to the international scene. Back then, before Sweden joined the EU in 1995, maritime law was the only field with an international legal focus. That's where Setterwalls operated.

"When I started at Setterwalls, we, like all other firms, were very small. Every Setterwalls employee could fit into our only meeting room during coffee breaks. The partners were a tight-knit and exclusive group, all of whom had been employed in their younger years by Claes Palme, brother of Olof (the ex Swedish Prime Minister). He only hired those who could conduct themselves in the finest salons."

Although Setterwalls pioneered business law in Sweden in 1878, it was a modern firm, Håkan Fohlin recalls.

"We were the first firm with a computer connection between a lawyer and a secretary. Other firms lined up to learn more about this novelty."

A significant milestone in the development of business law was the deregulation of the financial market. The financial sector grew rapidly, and the law firms assisted banks with loans to finance companies, which in turn lent to property companies. The next major event was the financial and real estate crisis that erupted in the early 1990s. The larger firms aided banks and property companies as overleveraged assets plummeted.

"For me personally, this was a very interesting time to work as an associate lawyer alongside Otto Rydbeck, Sweden's most famous business lawyer of the time, in the wake of the banking crisis. He would later also work on the Trustor scandal and Skandia's criticized bonus program."

Sweden's accession to the EU in 1995 meant, among other things, that previous barriers to foreign investments in Swedish companies disappeared, as did prohibitions against foreign property ownership.

"It was also then that firms began to exchange experiences internationally and networks were formed. Setterwalls became a member of The World Law Group in 1996, and our revenues from abroad increased."

Around the turn of the millennium, interest in business law surged. With the emergence of the Swedish IT and tech market came IT law, and also venture capital and private equity firms.

"The law firms were booming, and the M&A wave was strong both in Sweden and internationally. Due diligence became the new trend, with dozens of contract binders reviewed to detect risks."

With business development came increased specialization and niche boutique firms.

"This poses a challenge for large firms since profitability varies between different areas of law. It's simply much harder for a partner specializing in tax law, labor law, or intellectual property to be as profitable as one in M&A or litigation. That's the price of being a full-service firm."

Eight years later, when Lehman Brothers collapsed, the M&A business died.

Clients became more price-conscious and saw the opportunity to negotiate prices. Lawyers' hourly rates were questioned, and alternative payment models, such as discounts and capped prices, were introduced.

"More corporate law was handled by the clients' in-house lawyers, most with experience from law firms. To attract work to the firm, I began traveling and visiting firms around the world."

The years leading up to 2021 were record years for business lawyers in Sweden with numerous stock exchange listings, a robust M&A market, low interest rates, and an economic boom.

"Swedish business lawyers have never made as much money as they did in 2021."

What are your future predictions?

"Although progress is slow, the increasing proportion of female business lawyers will lead to more flexible systems for equity partners, part-time work, and employment without partnership. Another trend is that legal tech has gained momentum after a slow start, and alternative business models for legal services have emerged. The biggest influence at the moment is the chatbot Chat GPT, with the risk or temptation to let the chatbot conduct legal research instead of associates. Developments in this area likely mean that clients can handle some of the simpler legal matters themselves. But it also raises many questions related to risk and quality, copyright, and attorney-client privilege."

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