Arbitration CAS 2019/A/6639 Hellas Verona FC v. Latvian Football Federation (LFF) & JFC Skonto, award of 19 March 2021

Panel: Mr João Nogueira da Rocha (Portugal), President; Mr Marco Balmelli (Switzerland); Mr Gareth Farrelly (United Kingdom)

Football
Training compensation
Definition of "club"
Obligation to be registered in the TMS
Standing to sue in front of FIFA of a club that is not registered in the TMS
Definition and characteristics of bridge transfer
Entitlement to training compensation if the club did not offer a contract to the player

1. **FIFA Statutes define a club as *"a member of an association (that is a member association of FIFA) or a member of a league recognised by a member association that enters at least one team in a competition"*. If a club entered teams in a youth championship organized by the member association, the conditions to be considered a club are satisfied.**

2. **According to Annexe 3, Art. 1, para. 5 of the FIFA Regulations on the Status and Transfer of Players (RSTP), the use of the FIFA Transfer Matching System (TMS) is only a mandatory step for international transfers of professional players. *Mutatis mutandis*, only clubs involved in international transfers must use the TMS. If a club is not involved in any international transfer, it has no obligation to be registered on the TMS.**

3. **Under Swiss law, standing to sue/be sued *("légitimation active/passive")* is characterized as a matter of substantive law (as opposed to procedural): *i.e.* a party has standing to sue or to be sued if a substantive right of its own is concerned by the claim. Therefore, if a club is alleging to have a substantive right of its own, it has standing to sue in front of FIFA. This conclusion is not affected by the fact that, in accordance with Annexe 6, Article 1 para. 1 RSTP, it is the national association that enters the claim in the TMS in case the club does not have a TMS account.**

4. **A bridge transfer occurs when a club is used as an intermediary bridge in the transfer of a player from one club to another. The fictitious passage through this club is used to circumvent, for example, the payment of training compensation. A bridge transfer has three main characteristics: (1) it is made for no apparent sporting reason; (2) there are three clubs involved: (i) the club where the player was firstly registered, (ii) the "bridge club", usually a club of a lower level, (iii) the final club of destination; and (3) the player is engaged with the bridge club for a short period of time and frequently does not play**

any match at all with this club. In this regard, the 2020 edition of the RSTP provides that it shall be presumed, unless established to the contrary, that if two consecutive transfers, national or international, of the same player occur within a period of 16 weeks, the parties (clubs and player) involved in those two transfers have participated in a bridge transfer.

5. To justify entitlement to training compensation, the training club should show a *bona fide* interest in retaining the services of the player for the future. At the same time, it would be unreasonable to require a club, notably an amateur club, to focus on all its young amateur players for whom training compensation might be paid by a third football club and consequently to make formal offers to all those players in order to avoid the risk of forfeiting all rights to training compensation. It would be too costly and it would contravene the spirit and purpose of the FIFA transfer rules, which are set out in order to grant to clubs the necessary financial and sportive incentives to invest in training and education of young players. The aims of sporting justice shall not be defeated by an overly formalistic interpretation of the FIFA Regulations which would deviate from their original intended purpose.

I. PARTIES

1. Hellas Verona FC ("Hellas Verona" or the "Appellant") is an Italian football club based in Verona, Italy. It is affiliated to the Italian Football Federation (FIGC) which in turn is affiliated to the Fédération Internationale de Football Association ("FIFA").

2. Latvian Football Federation (the "LFF" or the "First Respondent") is the governing body of Latvian football and is an affiliated member to FIFA. It has its seat in Riga, Latvia.

3. JFC Skonto ("Skonto" or the "Second Respondent") is a football club based in Riga. Skonto is registered with the LFF.

II. FACTUAL BACKGROUND

4. Below is a summary of the main relevant facts, as presented in the parties' written submissions and evidence adduced in the course of the present proceedings. Additional facts may be set out, where relevant, in connection with the legal discussion. While the Panel has considered all the facts, allegations, legal arguments and evidence submitted by the parties in the present proceedings it refers his Award only to the submissions and evidence it considers necessary to explain its reasoning.

A. Background Facts

5. According to the information contained in the Transfer Match System ("TMS"), on 18 August

2017 the player Aleksejs Saveljevs (the "Player") was registered as a professional with Hellas Verona on loan from the Lithuanian Club FK Svyturys for the period from 11 August 2017 until 30 June 2018 against the payment of a loan compensation of EUR 12,000.00.

6. The loan agreement contained an option clause in favour of Hellas Verona to engage the Player on a permanent basis against the payment of a transfer compensation of EUR 50,000.00.

7. On 11 June 2018, Hellas Verona and FK Svyturys completed the transfer instruction *"from loan to permanent"*, by means of which the Appellant engaged the Player on a permanent basis.

8. According to the Player passport issued by the LFF and the Lithuanian Football Federation, the Player, born on 30 January 1999, was registered with the following clubs:

Club	Country	Registration dates	Status
JFC Skonto	Latvia	20 April 2006 until September 2016	amateur
SK Babite	Latvia	27 September 2016 until 21 July 2017	amateur
FK Svyturys	Lithuania	21 July 2017 until 17 August 2017	professional
Hellas Verona FC	Italy	As of 17 August 2017	professional

B. The Decision of the Dispute Resolution Chamber of FIFA

9. On 10 May 2018, Skonto lodged a claim before the FIFA Dispute Resolution Chamber ("DRC" or "FIFA DRC") against the Appellant requesting the payment of training compensation in the amount of EUR 140,000.00.

10. Skonto filed the claim on the basis of the Player's first registration as a professional with Hellas Verona in August 2017.

11. On 30 October 2019, the FIFA DRC rendered the following decision (the "DRC Decision" or the "Appealed Decision"):

> *"The claim of the Claimant, JFC Skonto, is partially accepted.*
>
> *The Respondent, Hellas Verona FC, has to pay to the Claimant the amount of EUR 127,500.*
>
> *Any further claim lodged by the Claimant is rejected. […]".*

12. On 18 November 2019, the grounds of the DRC Decision were notified to the Parties.

13. The relevant points of the DRC Decision read as follows:

> *"11. In this context, the DRC highlighted that three issues need to be analysed in the present matter:*
>
> *1) Is the Claimant entitled to receive training compensation?*
>
> *2) If so, who is responsible for paying training compensation to the Claimant?*

3) Depending on the answers to 1) and 2) above, what is the amount of training compensation due to the Claimant?

12. *When addressing the first issue, the Chamber referred to the rules applicable to training compensation and stated that, as established in art. 1 par. 1 of Annexe 4 in combination with art. 2 par. 1 lit. i. of Annexe 4 of the Regulations, training compensation is payable, as a general rule, for training incurred between the ages of 12 and 21, when a professional is registered for the first time as a professional before the end of the season of the player's 23rd birthday. In case the player is registered for the first time as a professional, art. 3 par. 1 sent. 1 of Annexe 4 of the Regulations sets forth that the club with which the player is registered is responsible for paying training compensation within 30 days of registration to every club with which the player has previously been registered and that has contributed to his training starting from the season of his 12th birthday.*

13. *At this point, the Chamber recalled that the player, born on 30 January 1999, was registered with the Claimant as an amateur from 20 April 2006 until 26 September 2016 and that, following another period as an amateur with a Latvian club, the player was registered for the first time as a professional before the end of the season of his 23rd birthday outside of Latvia.*

14. *For the present purposes, the Chamber does not need to address the issue of whether the Claimant has offered the player a contract in accordance with art. 6 par. 3 of Annexe 4 of the Regulations, considering that the Claimant was not the player's former club before his first registration as professional.*

15. *Consequently, the Chamber held that the Claimant is entitled to training compensation from the player's new club that registered him as a professional.*

16. *In continuation, the Chamber went on to examine who is responsible for the payment of training compensation to the Claimant.*

17. *In this respect, the members of the Chamber observed that, according to the player passport issued by the Lithuanian Football Federation, the player was registered with its affiliated club, Svyturys, as a professional from 21 July 2017 until 17 August 2017,* i.e. *less than one month.*

18. *Furthermore, the Chamber noted that the player was subsequently transferred to the Respondent on a temporary basis, which was turned into a permanent transfer by means of the exercise of an option through a letter sent by the Respondent to Svyturys on 30 May 2018.*

19. *In continuation, the Chamber took note of the Claimant's allegation that the player had not participated in any match with Svyturys. Furthermore, the Chamber took note of the documentation provided by the Claimant, according to which the player was invited for a trial by two Italian clubs in October 2015 and August 2016. What is more, the members of the Chamber observed that the player had apparently participated regularly in matches of different Latvian national youth teams between 2014 and 2017.*

20. *Considering the aforementioned elements, the members of the Chamber observed that the player was apparently known in Italy at a young age, and that he was on the radar of several Italian clubs. Furthermore, the members of the Chamber noted that the Respondent did not contest that the player had not participated in any match with Svyturys during the short period of time that he was registered with the latter.*

21. *In this respect, the members of the Chamber had considerable doubts as to how the Respondent became aware of the player. In this regard, the Chamber found that the Respondent's explanation that "the player was introduced to the club as a professional player registered with Svyturys" was not convincing, especially considering that the player was just registered with the latter days before.*

22. *Taking into consideration all the elements at its disposal, the Chamber held that it is not satisfied with the Respondent's explanation as to why a talented player who has attracted the attention of several Italian clubs would opt to join a small Lithuanian club and to stay there less than month before moving to the Respondent, which was a Serie A team at the time.*

23. *Consequently, the members of the Chamber unanimously concluded that the player's short period of registration with Svyturys was intended to circumvent the application of the relevant provisions for training compensation and that the Respondent was the club that benefitted from the training efforts of the Claimant. As a result, the Chamber held that the Respondent is liable to pay compensation to the Claimant.*

24. *Turning its attention to the third question, the Chamber referred to art. 5 par. 1 and par. 2 of Annexe 4 of the Regulations, which stipulate that as a general rule, to calculate the training compensation, it is necessary to take the costs that would have been incurred by the new club if it had trained the player itself. Furthermore, the Chamber referred to the exception contained in the first sentence of art. 5 par. 3 of Annexe 4 of the Regulations which stipulates that to ensure that training compensation for very young players is not set at unreasonably high levels, the training costs for players for the seasons between their 12th and 15th birthdays (i.e. four seasons) shall be based on the training and education costs of category 4 clubs.*

25. *In continuation, the DRC referred to art. 6 par. 1 of Annexe 4 of the Regulations which contains special provisions in case a player moves from a lower to a higher category club within the territory of the EU/EEA. In this respect, the Chamber stressed that the LFF had allocated the Claimant as a category IV club.*

26. *With regard to the category of the Respondent, the members of the Chamber took note that, according to the information contained in the TMS, the relevant transfer instruction "from loan to permanent" was completed by the parties involved in the transfer on 11 June 2018. Consequently, the Chamber held that, at this point, the player had been permanently transferred to the Respondent. Furthermore, the Chamber noted that, according to the information contained in the TMS, the Respondent belonged to the category I at that moment.*

27. As a result, the Chamber decided that the Respondent had to be considered a category I club for the purpose of the calculation of training compensation due to the Claimant.

28. In continuation, the Chamber recalled that the player, born on 30 January 1999, was registered with the Claimant during the entire seasons of his 12th until 16th birthdays, as well as part of the season of his 17th birthday.

29. In view of all of the above, the DRC decided to partially accept the claim of the Claimant and held that the respondent is liable to pay the amount of EUR 127,500 to the Claimant as in relation to the registration of the player with the Respondent".

III. PROCEEDINGS BEFORE THE COURT OF ARBITRATION FOR SPORT

14. On 10 December 2019, the Appellant filed a Statement of Appeal pursuant to Article R47 *et seq.* of the Code of Sports-related Arbitration (the "Code") with the Court of Arbitration for Sport (the "CAS") against the Respondents with respect to the DRC Decision. In its Statement of Appeal, the Appellant nominated Dr. Marco Balmelli as arbitrator.

15. On 19 December 2019, in accordance with Article R51 of the Code, the Appellant filed its Appeal Brief.

16. On 14 January 2020, the First Respondent filed its Answer pursuant to Article R55 of the Code.

17. Also on 14 January 2020, the Second Respondent filed its Answer pursuant to Article R55 of the Code.

18. The Respondents did not nominate an arbitrator within the prescribed deadline.

19. On 6 February 2020, the Appellant filed its comments on the issue of the First Respondent's standing.

20. On 13 February 2020, the CAS Court Office, on behalf of the President of the CAS Appeals Arbitration Division, confirmed the constitution of the Panel as follows:

President:	Mr João Nogueira da Rocha, Attorney-at-Law, Lisbon, Portugal
Arbitrators:	Dr Marco Balmelli, Attorney-at-Law, Basel, Switzerland Mr Gareth Farrelly, Solicitor, Liverpool, United Kingdom

21. On 27 February 2020, following an inquiry from the CAS Court Office, the Respondents informed the CAS Court Office of their preference for an award to be rendered on the sole basis of the Parties' written submissions. On 28 February 2020, the Appellant indicated its preference for a hearing to be held.

22. On 25 February 2020, the CAS Court Office advised the Parties that the Panel had decided to hold a hearing in accordance with Article R57 of the Code.

23. On 2 March 2020, a hearing was scheduled on 8 April 2020. On 11 March 2020, in light of the Covid-19 outbreak, the Panel decided to postpone the hearing.

24. On 12 May 2020, the hearing was rescheduled on 25 June 2020.

25. On 17 June 2020, the Appellant signed and returned the Order of Procedure in this appeal.

26. On 19 June 2020, the Respondents signed and returned the Order of Procedure.

27. On 25 June 2020, a hearing was held by video-conference. At the outset of the hearing, all Parties confirmed that they had no objection as to the constitution and composition of the Panel.

28. The following persons attended the hearing, in addition to the Panel and Ms Kendra Magraw, Counsel to the CAS:

    a) For the Appellant:

        1) Mr Paolo Lombardi, Counsel;
        2) Mr Ian Laing, Counsel;
        3) Mr James Mungavin, Counsel.

    b) For both Respondents:

        1) Mr Arturs Salnikovs, Counsel.

29. The Appellant and the Respondents had ample opportunity to present their cases, submit their arguments and answer the questions posed by the Panel. After the Appellant's and the Respondents' final submissions, the Panel closed the hearing and reserved its final award. The Panel listened carefully and took into account in its subsequent deliberations all the evidence and arguments presented by the Parties although they have not been expressly summarised in the present Award. Upon closure, the Appellant and the Respondents expressly confirmed that they did not have any objections in respect of their right to be heard and to be treated equally in these arbitration proceedings.

IV. SUBMISSIONS OF THE PARTIES

30. This section of the award does not contain an exhaustive list of the Parties' contentions, its aim being to provide a summary of the substance of the Parties' main arguments. In considering and deciding upon the Parties' claims in this award, the Panel has accounted for and carefully considered all of the submissions made and evidence adduced by the Parties, including allegations and arguments not mentioned in this section of the award or in the discussion of the claims below.

A. The Position of the Appellant

31. In its Appeal Brief, the Appellant seeks the following relief:

> *"i. to review the present case as to the facts and to the law, in compliance with article R57 of the CAS Code;*
>
> *ii. to set aside the FIFA Decision;*
>
> *iii. to confirm that the Appellant is under no obligation to pay training compensation to the Second Respondent in relation to the Player;*
>
> *iv. to cancel the Appellant's obligation to pay procedural costs to FIFA;*
>
> *v. to order the First Respondent and Second Respondent to jointly bear all costs of these proceedings and to pay a contribution towards the legal fees of the Appellant pursuant to Article R64.5 of the CAS Code".*

32. The Appellant's submissions may be summarized, in essence, as follows:

a) The Standing to Sue

- According to Articles 22-24 of the FIFA Regulations on the Status and Transfer of Players (June 2018 edition) (the "Regulations" or "RSTP"), the FIFA DRC competence is restricted to the Associations' affiliated clubs.

- Skonto is not a club affiliated to the LFF and therefore it did not have standing to sue at FIFA DRC.

- It was the LFF that first contacted FIFA on behalf of *"the Latvian clubs that participated in the training and education of the Player".*

- Nevertheless, the claim presented by the LFF was made only on behalf of Skonto failing to indicate the second Latvian Club who registered the Player as an amateur, *i.e.* SK Babite.

- The only entry for Skonto in the FIFA TMS is the entry created for the sole purposes of the claim submitted by the Latvian Football Federation.

- With its involvement, the LFF tries to benefit from any payment awarded to a non affiliated club, omitting this fact in the presented claim.

- Moreover, the claim presented at FIFA DRC was signed by Mr Arturs Salnikovs, member of the LFF and its TMS manager.

- Article 3, para. 3 of Annexe 4 of the Regulations reads as follows:

"An Association is entitled to receive the training compensation which in principle would be due to one of its affiliated clubs, if it can provide evidence that the club in question – with which the professional was registered and trained – has in the meantime ceased to participate in organised football and/or no longer exists due to, in particular, bankruptcy, liquidation, dissolution or loss of affiliation. This compensation shall be reserved for youth football development programmes in the association(s) in question".

- Nevertheless, the quoted stipulation does not apply to the matter at hand as Skonto is not an affiliated club.

- As the question of standing to sue is substantive and not procedural, the present appeal should be accepted and the appealed Decision shall be set aside.

b) The Facts

- Before moving to the Lithuanian Club FK Svyturys, the Player was registered as an amateur with two Latvian Clubs, Skonto from 01.01.2011 until 26.09.2016 and SK Babite from 26.09.2016 until 21.07.2017.

- On 21 July 2017 the Player signed his first professional contract with FK Svyturys, a Lithuanian Club.

- On 18 August 2017, the Player moved to the Appellant from the Lithuanian Club on a loan basis.

- According to the relevant transfer agreement signed between the Appellant and FK Svyturis, the Player was transferred on a temporary basis until 30 July 2018, and Hellas Verona had the option to sign the Player permanently at the end of the loan period in exchange of EUR 50,000.

- On 30 May 2018, Hellas Verona exercised its optional right to sign the Player permanently.

c) The Merits

(i) The Player was already a professional before he joined the Appellant

- According to articles 2, para. 1 and 3, para. 1 of Annexe 4 of the Regulations, training compensation is due when a player is registered for the first time as a professional and, on registering such player, the Club shall pay training compensation to the player's previous clubs.

- The Club that registered the Player as a professional for the first time was FK Svyturys. Therefore, it was the latter that was responsible for paying training compensation.

- Moreover, according to FIFA Regulations Annex 4, Article 3 para. 1, *"in case of subsequent transfers of the professional, training compensation will only be owed to his former club […]".*

- As according to clause 3.4 of the transfer agreement, the permanent transfer amount includes any training compensation that may be due by Hellas Verona, the Appellant has nothing more to pay related to training compensation.

(ii) The Transfer was not a "Bridge Transfer"

- In the award CAS 2009/A/1757, the Panel stated that when considering whether a bridge transfer has occurred, an unusual pattern of movements should be taken into account.

- In the above mentioned case, the player moved from the Hungarian club MTK Budapest to Pieta Hotspurs in Malta, and then nine days later moved on a permanent basis to Inter Milan. Furthermore, negotiations had taken place between the Player and Inter Milan prior to his move to Malta.

- Such facts are not comparable to the case at stake.

- Initially the Player moved on loan to Hellas Verona.

- Hellas Verona only had an option to sign the Player permanently. It was not guaranteed that a permanent transfer would occur. Only on 30 May 2018 and after evaluating the Player during the loan period, the Appellant exercised such option.

- Furthermore, contrary to Hellas Verona, Inter Milan is considered one of the biggest European clubs.

- On the other hand Malta is one of the smallest European associations, ranked significantly lower than Latvian and Lithuanian associations.

- Also, players from Lithuania and Latvia regularly move from one association to another as they are neighbouring countries.

- Above all, the Player was registered with another Latvian club after leaving Skonto and only after that joined Svyturys. Therefore, there was no bridge transfer between Skonto and Hellas Verona.

- Regarding the documentation provided by Skonto showing that the Player was invited for a trial by two Italian clubs, it must be said that such invitations were dated of October 2015 and August 2016. The Player only became known to Hellas Verona in 2017.

(iii) In any event, the involvement of Hellas Verona in an alleged "Bridge transfer" has not been proved

- No evidence was provided during the FIFA proceedings to show that Hellas Verona participated in a "circumvention" of FIFA Regulations.

- It is clear that when the Appellant signed the Player from Svyturys, it was not aware of any possible "circumvention" of Skonto's rights.

- Hellas Verona paid for the loan and the permanent transfer the amount of EUR 62,000.00, which must be considered a significant cost to sign a young player, legitimately not expecting that training compensation will accrue such amount.

(iv) Furthermore, Skonto did not offer the Player a contract

- Even if Skonto was considered the Player's former club, it would still not be entitled to claim amounts regarding training compensation as Skonto did not offer the Player a contract.

- FIFA regulations Annex 4 article 6 para. 3, regarding the special provisions for the EU/EEA reads as follows:

  "If the former club does not offer the player a contract, no training compensation is payable unless the former club can justify that it is entitled to such compensation".

- FIFA DRC failed to address this issue in the Appealed Decision.

- Skonto also failed to prove that it held an interest in keeping the Player and a proactive attitude in retaining the Player for future seasons.

B. The Position of the First Respondent

33. In its Answer, the Respondent requests this Panel:

> *"1. To conclude that LFF acted and performed its duties in line with the existing FIFA Regulations on the Status and Transfer of Players;*
>
> *2. To conclude that LFF should not be considered as Respondent in the present case as it was not a party that was claiming the training compensation;*
>
> *3. To omit LFF from duty to bear any costs of the present proceedings and any possible contributions towards the legal fees of the Appellant Hellas Verona FC".*

34. The submissions of the First Respondent, as contained in its written submissions, are summarized, in essence, as follows:

a) LFF has no standing to be sued

- Article 1 of Annex 6 of the Regulations which regulates the procedure governing the claims related to training compensation and solidarity mechanism, clearly states that in case of clubs without a TMS account, the claim should be submitted by the association concerned.

- Based on FIFA Regulations, LFF as a member association makes the submissions in FIFA TMS system on behalf of clubs that are not users of FIFA TMS system.

- In order to do so, LFF has to be contacted by the clubs concerned. In this case, LFF has not been contacted by SK Babite regarding the documents that LFF needs to submit.

b) JFC Skonto is an active member of LFF and is affiliated to LFF since 1996

- Skonto is undeniably a club within the meaning of FIFA Statutes since it is a member of a member association of FIFA and enters at least one team in a competition.

- In 2018, Skonto entered three teams in the Elite group of Latvian Youth Championship – ages U-13, U-14 and U-18.

- In 2019, Skonto participated with four teams in the Latvian Youth Championship, U-13 and U-14 of the Elite group and U-13 and U-16 of the Development group.

- These statistics prove beyond a reasonable doubt that Skonto is an active member of LFF and enters the necessary number of teams into LFF competitions to qualify as club within the meaning of FIFA statutes.

c) LFF did not try to benefit from any payment awarded to JFC Skonto

- It has been established that Skonto is an affiliated member of LFF.

- The only case when LFF would be entitled to training compensation that is due to JFC Skonto, is if it was not a member of the LFF, which is clearly not the case in the present matter.

- The fact that the claim in FIFA TMS system was submitted by the long term LFF employee Arturs Salnikovs, who is also the legal representative of Skonto in the present case, does not violate any FIFA Regulations or any other regulations.

- LFF considers perfectly normal that in a country with such limited number of lawyers who has an experience in the sports law, the club chooses the member association's

representative to defend their rights before the legal bodies of FIFA and, if necessary, CAS.

C. The Position of the Second Respondent

35. In its Answer, the Second Respondent requests this Panel:

> *"1. To confirm the FIFA Decision dated 30th October 2019 regarding the obligation of Hellas Verona to pay JFC Skonto 127,500 EUR as training compensation of player Aleksejs Saveljevs;*
>
> *2. To order the Appellant to bear all costs regarding the CAS proceedings".*

36. The submissions of the Second Respondent, as contained in its written submissions, are summarized, in essence, as follows:

a) Affiliation of JFC Skonto to LFF and JFC Skonto being a "club" in terms of FIFA Statutes

- Skonto is an active affiliate of LFF since 1996.
- The fact that Skonto had not been added to the FIFA TMS system before this claim, is purely because Skonto has not made any international transfer of players, thus it had no necessity to apply for a FIFA TMS account.
- Skonto complies with FIFA statutes because it is affiliated with LFF and enters at least one team in the club's competitions organized by LFF.

b) Entitlement of JFC Skonto to claim training compensation from Hellas Verona and the reasoning why the FIFA Decision was correct and should be confirmed by the Panel

- The Player was registered with JFC Skonto from 20 April 2006 until 26 September 2016 (aged 7 – 17).
- The Player was transferred from SK Babite to the Lithuanian Club FK Svyturys as a professional.
- The employment contract signed with FK Svyturys was the first professional contract signed by the Player.
- Subsequently, without participating in any single match for FK Svyturys, on 17 August 2017, the Player was transferred from the Lithuanian Club to Hellas Verona.

- This is a classic case of "bridge transfer", since the Player started participating in matches at Hellas Verona pretty much right away after arriving at the club (first official game with participation of the Player took place on 8 September 2017), which in the view of JFC Skonto, indicates the fact that the Player was already in talks regarding his move to Hellas Verona during the process of his move to FK Svyturys.

- Due to the mentioned transfers, all the Latvian clubs that participated in the training and education of the Player would lose their right to training compensation if the transfer to Svyturys was not deemed a bridge transfer. It would otherwise be the Player's second professional contract, and according to FIFA Regulations, Hellas Verona would only be obliged to pay training compensation to the Player's former club.

c) Communication with Hellas Verona

- Before submitting the claim to FIFA, JFC Skonto also wrote to Hellas Verona on this issue. Hellas Verona answered stating that *"any issue that may arise in relation to training compensation for the player will be settled by FK Svyturys"*.

- In the opinion of JFC Skonto, even despite the alleged provisions contained in the loan agreement providing the obligation of FK Svyturys to settle the training compensation, it is Hellas Verona that actually benefitted from the training efforts invested by JFC Skonto and it is Hellas Verona that should be obliged to pay the respective training compensation determined by the FIFA Decision.

d) Calculation of the training compensation amount

- The Second Respondent agrees with the calculation that was made by the FIFA Decision.

e) Offering a professional contract to the player

- The financial means of amateur clubs from small countries to offer a professional contract to all young amateur players in order to avoid the risk of losing the right to training compensation is too costly and would contravene with the spirit and purpose of the FIFA principles, which are set out to grant to clubs the necessary financial and sportive incentives to invest in training and education of young players.

- On the other hand FIFA DRC confirmed that Skonto was not the former club of the Player, therefore it had no obligation to offer the player a professional contract in order to be entitled to the training compensation.

- Finally, in any event CAS has a well established jurisprudence in cases where training compensation was granted to clubs that did not offer the first professional contract to players, namely CAS 2006/A/1152 and CAS 2009/A/1757.

f) Counter-arguments regarding the assumptions and claim of Hellas Verona

- The allegations with which the Appellant is trying to deny the similarity with CAS 2009/A/1757 are baseless.

- The fact that the Player initially moved on loan has nothing to do with the fact of it not being a bridge transfer.

- As it is very well known in FIFA jurisprudence and even established in article 10 (1) of FIFA Regulations, *any loan of the professionals is subject to the same rules as apply to the transfer of players, including the provisions on training compensation*.

- It was never argued that it is not unusual for a player to move from Latvia to Lithuania. What is important in this case, is that it was necessary to transfer the player to category 4 club first. It makes a lot of sense to organize the transfer through a neighbouring country in order to circumvent the possible training compensation payment.

- Regarding the allegation that Hellas Verona cannot be compared to Inter Milan, it must be said that it is well known that for a Latvian player to sign with any of the Italian Top Division clubs is a very huge step forward, especially at such a young age.

V. JURISDICTION

37. Article R47 of the Code provides as follows:

An appeal against the decision of a federation, association or sports-related body may be filed with the CAS insofar as the statutes or regulations of the said body so provide or as the parties have concluded a specific arbitration agreement and insofar as the Appellant has exhausted the legal remedies available to it prior to the appeal, in accordance with the statutes or regulations of the said sports-related body.

38. The jurisdiction of CAS derives from Article 58 para. 1 of the FIFA Statutes that provides as follows: *"Appeals against final decisions passed by FIFA's legal bodies and against decisions passed by Confederations, Members or Leagues shall be lodged with CAS within 21 days of notification of the decision in question"* and Article R47 of the Code.

39. The jurisdiction of CAS is further confirmed by the Order of Procedure duly signed by all parties. It, therefore, follows that CAS has jurisdiction to decide on the present dispute.

VI. ADMISSIBILITY

40. Article R49 of the Code provides as follows:

In the absence of a time limit set in the statutes or regulations of the federation, association or sports-related body concerned, or of a previous agreement, the time limit for appeal shall be twenty-one days from the receipt

of the decision appealed against. After having consulted the parties, the Division President may refuse to entertain an appeal if it is manifestly late.

41. The motivated part of the DRC Decision was notified to the Appellant on 18 November 2019. The Appellant, in turn, filed his Statement of Appeal on 10 December 2019. As the 9 December 2019 was an official holiday in Madrid where the Statement of Appeal was sent from, the 21-day deadline to file the appeal was met and no objection was filed to the contrary. The Statement of Appeal further complies with the other requirements of Article R48 of the Code.

42. The Panel, therefore, finds that the appeal is admissible.

VII. APPLICABLE LAW

43. The Appellant submits that the present dispute shall be resolved primarily according to FIFA regulations and, additionally, according to Swiss law.

44. The Respondents did not submit any position in respect of the law to be applied.

45. Article R58 of the Code provides as follows:

The Panel shall decide the dispute according to the applicable regulations and, subsidiarily, to the rules of law chosen by the parties or, in the absence of such a choice, according to the law of the country in which the federation, association or sports-related body which has issued the challenged decision is domiciled or according to the rules of law that the Panel deems appropriate. In the latter case, the Panel shall give reasons for its decision.

46. Separately, Article 57 para. 2 of the FIFA Statutes provides the following:

The provisions of the CAS Code of Sports related Arbitration shall apply to the proceedings. CAS shall apply the various regulations of FIFA and additionally Swiss law.

47. In view of the choice of the parties to refer their dispute to the FIFA DRC, the Panel finds that the parties accepted the applicability of Article 57(2) FIFA Statutes. In accordance with this provision, the regulations of FIFA are primarily applicable and, if necessary, additionally, Swiss law.

VIII. MERITS

A. The main issues

48. The main issues to be resolved by the Panel are:

i. The Second Respondent's standing to sue in front of FIFA DRC;

ii. The First Respondent's standing to be sued;

iii. Is the transfer of the Player Aleksejs Saveljevs to the Appellant to be considered as a result of a "bridge transfer"?

iv. If yes, does the fact that Skonto did not offer the Player a contract change anything?

v. If training compensation is due to Skonto, how is it calculated?

a) The Second Respondent's standing to sue

49. The Appellant considers that Skonto had no standing to sue in front of FIFA DRC.

50. In order to ground this allegation, Hellas Verona raises two issues:

a. Skonto is not an affiliated club to the LFF;

b. Skonto does not appear on TMS when a search for the club is conducted.

51. FIFA Statutes define a club as *"a member of an association (that is a member association of FIFA) or a member of a league recognised by a member association that enters at least one team in a competition"*.

52. In 2018 and 2019, Skonto entered teams in the Latvian Youth Championship organized by the LFF, three and four respectively and therefore it satisfied the conditions to be considered a Club.

53. On the other hand, according to art. 1, para. 5 of the RSTP's annexe 3, the use of the TMS is only a mandatory step for international transfers of professional players.

54. *Mutatis mutandis*, only clubs involved in international transfers must use the TMS.

55. As Skonto was not involved in any international transfer, it had no obligation to be registered on the TMS.

56. FIFA Regulations do not contain any specific rules or definition on the question of standing to sue/be sued.

57. Under Swiss law, standing to sue/be sued *("légitimation active/passive")* is characterized as a matter of substantive law (as opposed to procedural): *i.e.* a party has standing to sue or to be sued if a substantive right of its own is concerned by the claim.

58. Being an affiliated club to the LFF and the latter being an affiliated Association to the FIFA, and alleging to have a substantive right of its own (i.e. the payment of training compensation), Skonto has standing to sue.

59. This Panel conclusion is not affected by the fact that it was LFF that presented the claim in front of the FIFA – DRC.

60. In fact, Article 1 para. 1 of Annexe 6 of the RSTP rules as follows:

"All claims related to training compensation according to Article 20 and to the solidarity mechanism according to article 21 must be submitted and managed through TMS. The claims shall be entered in TMS by the club holding a TMS account or, in the case of a club without a TMS account, by the association concerned" (Emphasis added).

b) The First Respondent's standing to be sued

61. The Panel in this regard first holds that LFF was not a party in the proceedings in front of the FIFA – DRC.

62. Its role in such proceedings was merely instrumental. As Skonto had no TMS account and training compensation claims according to Article 21 RSTP must be submitted through the TMS, it was LFF that presented the claim.

63. Under Swiss law, one defending party has standing to be sued (*"légitimation passive"*) if it is personally obliged by the disputed right at stake. In other words, one party has standing to be sued and may thus be summoned before the CAS only if it has some stake in the dispute because something is sought against it.

64. The CAS has developed a well-established jurisprudence regarding the question as to which effect a party has standing to be sued *("légitimation passive").*

65. In this respect, the Panel in CAS 2007/A/1329 & 1330, para. 27, stated as follows:

"Under Swiss law, applicable pursuant to Articles 60.2 of the FIFA Statutes and R58 of the CAS Code, the defending party has standing to be sued (légitimation passive) if it is personally obliged by the "disputed right" at stake (see CAS 2006/A/1206). In other words, a party has standing to be sued and may thus be summoned before the CAS only if it has some stake in the dispute because something is sought against it (cf. CAS 2006/A/1189; CAS 2006/A/1192)".

66. Similarly, the Panel in CAS 2012/A/3032 with further references to other CAS precedents explained that:

"42. As a principle, and as it has already been established in CAS jurisprudence, a party has standing to be sued ("légitimation passive") in CAS proceedings only if it has some stake in the dispute because something is sought against it in front of CAS (cf. CAS 2008/A/1620, para. 4.1.; CAS 2007/A/1367, para. 37).

67. No right or obligation has risen from the Appealed Decision to the LFF.

68. The First Respondent will not be affected whatever the decision will be taken by this Panel.

69. In the light of the above, the Panel considers that the First Respondent has no standing to be sued in the present Appeal.

c) Is the transfer of the Player Aleksejs Saveljevs to the Appellant to be considered as a result of a "bridge transfer"?

70. A bridge transfer occurs when a club is used as an intermediary bridge in the transfer of a player from one club to another. The fictitious passage through this club is used to circumvent, for example, the payment of training compensation.

71. A bridge transfer has three main characteristics:

- A bridge transfer is made for no apparent sporting reason, there is a non-sporting purpose underlying the move.
- Secondly, there are three clubs involved in this triangular structure:
  i The club where the player was firstly registered;
  ii The *"bridge club",* usually a club of a lower level;
  iii And the final club of destination.
- The last characteristic is the short period of time that the player is engaged with the bridge club. Frequently, such a player does not play any match at all with this club.

72. In the present case, the Player was firstly registered by the Second Respondent. Skonto was responsible for the training and education of the Player (namely, from the age of 7 to 17). FK Svyturys would have to be considered the "bridge club", while the Appellant is the final club of destination.

73. Furthermore, the Player was selected to represent underage Latvian national teams and attracted the interest of Italian clubs.

74. Bearing this in mind it would be *"contrary to common sense"* to considerer that the transfer to the bridge club was made due to sporting reasons.

75. Moreover, the Player was registered as a professional by the Lithuanian Club Svyturys from 21 July 2017 until 17 August 2017, i.e. less than a month and did not play any match with this club.

76. Although the 2020 edition of the RSTP is not applicable to the present case, it does include a new Article (5bis) directly related to this issue and which assumes interpretative importance in the definition of bridge transfer:

"2. It shall be presumed, unless established to the contrary, that if two consecutive transfers, national or international, of the same player occur within a period of 16 weeks, the parties (clubs and player) involved in those two transfers have participated in a bridge transfer".

77. The Panel totally agrees with the members of FIFA DRC when concluded *"that the player's short period of registration with Svyturis was intended to circumvent the application of the relevant provisions for training compensation and that the Respondent was the club that benefitted from the training efforts of the Claimant".*

d) Does the fact that Skonto did not offer the Player a contract change anything?

78. It is not disputed that Skonto did not offer the Player a professional employment contract.

79. According to FIFA Regulations, Annexe 4, art. 6 para. 3, within the EU/EEA *"If the former club does not offer the player a contract, no training compensation is payable unless the former club can justify that it is entitled to such compensation"*.

80. Based on the above quoted article Hellas Verona plead that *"even if Skonto was for any reason to be considered as the Player's "former" club for the purposes of entitlement to training compensation,* quod non*, it would still not be entitled to claim amounts from Hellas Verona due to the fact that Skonto did not offer the Player a contract"*.

81. In CAS 2009/A/1757, the Panel assessed this issue as follows:

"13. As a point of departure, the Panel observes that the rationale for the provisions in the FIFA Regulations regarding training compensation is that clubs should be encouraged to train players and those clubs that carry out the training process successfully should be rewarded for their training efforts. By the same token, those other clubs which enjoy the fruits of that training process should be obliged to pay something in compensation for the training efforts engaged in by others.

14. The Panel also observes that provisions on training compensation were integrated into the FIFA Regulations following a lengthy procedure before the European Commission which culminated in 2001 and which resulted in a substantial overhaul of the FIFA rules concerning the international transfer of players. Modifications to the previous rules were designed to ensure that the system governing the international transfer of players was consistent with Community law. Provisions on training compensation were an important part of the overall "settlement" reached with the European Commission and, in this respect, the relevant provisions of the 2001 Regulations stated as follows:

> *"Art. 13: A player's training and education takes place between the ages of 12 and 23. Training compensation shall be payable, as a general rule, up to the age of 23 for training incurred up to the age of 21, unless it is evident that a player has already terminated his training period before the age of 21. (…).*
>
> *Art. 16: The amount of compensation to be paid for training and education shall be calculated in accordance with parameters set out in the Application Regulations, which shall also set out how the compensation amount shall be allocated between the clubs involved in the training and education of the player.*
>
> *Art. 5(5) of the Regulations governing the Application of the RSTP 2001: In the EU (EEA), if the training club does not offer the player a contract, this shall be taken into account in determining the training compensation payable by the new club, without prejudice to the rights to compensation of the previous training club".*

[…]

19. In this respect, the Panel observes that, in certain previous decisions of CAS (notably, CAS 2006/A/1152) training compensation has been awarded in the CAS 2006/A/1152 case of the

international transfer of an amateur player in circumstances where the training club did not offer a professional contract to the player in question. So, for example, in the case, the CAS held that, to justify entitlement to training compensation, the training club should show a bona fide interest in retaining the services of the player for the future (paragraph 8.16). In that particular case, the CAS stated that it would have been "contrary to common sense" to conclude that the club was not at all interested in keeping the player any longer (paragraph 8.22). At the same time, the CAS observed that:

> *"it would also be unreasonable to require a club to offer a professional contract to all of its young amateur players in order to avoid the risk of forfeiting all rights to training compensation. It would be too costly and it would contravene the spirit and purpose of the FIFA transfer rules, which are set out in order to grant to clubs the necessary financial and sportive incentives to invest in training and education of young players".*

20. A similar principle was expressed in CAS 2008/A/1521, where the CAS stated as follows: "As correctly mentioned in CAS 2006/A/1152 one cannot expect a club, notably an amateur club, to focus on all its amateur players for whom training compensation might be paid by a third football club and consequently to make formal offers to all those players".

[…]

31. More generally still, the Panel considers that, having regard to the fundamental principle of fair play and bearing in mind the spirit of the Olympic Charter on which the CAS itself is based, the aims of sporting justice would not be served if MTK were to be denied compensation in this case. In this respect, the Panel also observes that the aims of sporting justice shall not be defeated by an overly formalistic interpretation of the FIFA Regulations which would deviate from their original intended purpose".

82. The Panel totally agrees with the reasoning of CAS 2009/A/1757.

83. The Panel considers demonstrated to a more than satisfactory standard that:

- The Second Respondent must be considered as training club;
- The Appellant has benefitted from the training efforts invested by Skonto;
- The Player's registration for a very short period with the Lithuanian Club Svyturis and his subsequent registration with Hellas Verona fits the definition of the so-called "bridge transfer".

84. As a result of all the above, the Panel considers that the Appellant is liable to pay training compensation to the Second Respondent.

B. Training Compensation Calculation

85. For the reasons stated above, the Panel considers that Skonto should receive training compensation for the Player.

86. Also, the Panel considers that the sum of training compensation to be paid shall be based on the standard FIFA calculation. Following said calculation, the sum of training compensation due to Skonto would be EUR 127,500.

87. In this regard, the Panel notes that the Appellant did not challenge the calculation made by in the DRC Decision, but only its obligation to pay such compensation.

88. As a consequence, the Panel believes that the amount established by the Appealed Decision shall be upheld.

IX. CONCLUSION

89. In light of the foregoing, the appeal, insofar as it is directed against the Second Respondent, is dismissed. With regard to the First Respondent, the appeal is dismissed because the latter has no standing to be sued.

ON THESE GROUNDS

The Court of Arbitration for Sport rules that:

1. The appeal filed by Hellas Verona FC against the decision issued on 30 October 2019, by the Dispute Resolution Chamber of FIFA is dismissed.

2. The Decision issued on 30 October 2019, by the Dispute Resolution Chamber of FIFA is confirmed.

3. (…).

4. (…).

5. All other motions or prayers for relief are dismissed.