



Arbitration CAS 2012/A/2908 Panionios GSS FC v. Paraná Clube, award of 9 April 2013

Panel: Mr Rui Botica Santos (Portugal), President; Mr Efraim Barak (Israel); Mr Fabio Iudica (Italy)

Football

Training compensation

Burden of the club deemed responsible for paying the training compensation to prove that another club has to pay

Period of registration to consider when calculating the training compensation

No consideration of the training period within the same national association

1. As any party claiming a right on the basis of an alleged fact shall carry the burden of proof, it is up to the club that is deemed responsible for paying the training compensation to prove that another club has to carry this obligation by adducing documents or evidence such as a transfer agreement, a loan transfer agreement, an employment agreement, an ITC or an application to register the player. In view of the express provisions of Art. 10 para. 1 of the FIFA RSTP and Art. 13 para. 1 CO requesting a written agreement to be signed in order to be valid, an unsigned draft agreement is not sufficient to serve as a proof of a transfer agreement between two clubs.
2. The right and accurate interpretation of Annexe 4, Article 3.1 of the FIFA RSTP is that the calculation of the training compensation should be made in respect to the former club only for the period of the last cycle of registration with that club, i.e. the last period in which the player was registered with that club after he returned from a possible loan period to another club.
3. National Associations have to establish a system to reward the club investing in the training of a player when the player is transferred within the training period to another club from the same association. However, if for any reason a National Association does not provide for such a domestic system, this does not mean that the period of training that was not compensated by the domestic system will be “transferred” and considered under the international system of compensation.

I. THE PARTIES

1. Panionios GSS FC (hereinafter referred to as “Panionios” or the “Appellant”) is a Greek professional football club and a member of the Hellenic Football Federation (hereinafter referred to as the “HFF”). The latter is a member of the Fédération Internationale de Football Association (hereinafter referred to as the “FIFA”).

2. Paraná Clube (hereinafter referred to as “Paraná” or the “Respondent”) is a Brazilian professional football club and a member of the Confederação Brasileira de Futebol (hereinafter referred to as the “CBF”). The latter is also a member of FIFA.

II. THE FACTS

3. This appeal was filed by Panionios against the decision rendered by the FIFA Dispute Resolution Chamber (hereinafter referred to as the “DRC”) passed on 1 February 2012 (hereinafter referred to as the “Appealed Decision”). The grounds of the Appealed Decision were notified to Panionios on 9 August 2012.
4. A summary of the most relevant facts and the background giving rise to the present dispute will be developed on the basis of the Parties’ submissions and the evidence adduced during the hearing. Additional factual background may also be mentioned in the legal considerations of the present award. In this award, the Panel only refers to the submissions and evidence it considers necessary to explain its reasoning.

II.1 The contractual relationship between Paraná and the Player

5. The player W. (hereinafter referred to as the “Player”) of Brazilian nationality was born on 1 April 1989. On 1 January 2005, he was registered as an amateur player at Paraná until 1 July 2007.
6. On 2 July 2007, Paraná and the Player signed an agreement under which the Player was employed as a professional player at Paraná for the period 2 July 2007 to 31 January 2010 (hereinafter referred to as the “Employment Contract”).
7. On 10 February 2009, and according to the Player’s passport received from the CBF, Paraná loaned the Player to the Brazilian club Associação Atlética Iguaçu (hereinafter referred to as “Iguaçu”) as a professional.
8. On 13 February 2009, Paraná sent a letter to the Paraná Football Federation authorising the Player’s loan to Iguaçu for the period 10 February 2009 to 12 May 2009 (hereinafter referred to as the “Loan Authorisation”).
9. On 31 March 2009, Iguaçu and the Player signed an agreement terminating their employment relationship, (hereinafter referred to as the “Player-Iguaçu Termination Agreement”).
10. On 1 April 2009, the Player returned to Paraná as a professional, where he stayed until 12 May 2009.

11. On 12 May 2009, Paraná and the Player signed an agreement terminating the Employment Contract (hereinafter referred to as the “Player-Paraná Termination Agreement”).

II.2 The collaboration agreement between Panionios and RCD Espanyol de Barcelona SAD, and the Player’s transfer to Europe

12. On 10 June 2009, Panionios entered into an agreement with Spanish club RCD Espanyol de Barcelona SAD (hereinafter referred to as “Espanyol”) aimed at facilitating Panionios to acquire young players from Espanyol (hereinafter referred to as the “Cooperation Venture Agreement”). The Cooperation Venture Agreement was valid for the seasons 2009-2010 and 2010-2011. It was automatically renewable for a further two years unless any of the contracting parties indicated to the other its intention to terminate the same on or before 30 May of the 2010-2011 season.
13. Under the Cooperation Venture Agreement, Panionios and Espanyol agreed as follows:
 - a. Espanyol would send Panionios a list of young prospective players who had the potential of being loaned to Panionios not later than sixty days before the start of the season;
 - b. From the said list, Panionios would not later than thirty days thereafter, inform Espanyol of the players it wished to receive on loan;
 - c. Panionios would only register a maximum of five players per season. It was under no obligation to register a minimum number of players;
 - d. Any subsequent loan agreement signed between Panionios and Espanyol for the loan of a young player would only be valid for a maximum period of one year, and required the player’s consent;
 - e. Panionios would pay the salary of any player it acquired on loan from Espanyol; and
 - f. The venture would be executed on a gratuitous basis.
14. On 16 June 2009, Espanyol announced in its website that they had signed the Player, and that the Player would then be loaned to Panionios as part of the Cooperation Venture Agreement. Nevertheless Espanyol did not ask the CBF for the Player’s International Transfer Certificate (hereinafter referred to as the “ITC”) and was no such request was made by the Spanish Football Federation (hereinafter referred to as the “RFEF”) to the CBF.
15. On 17 July 2009, the Player signed an employment contract with Panionios (hereinafter referred to as the “Contract”), valid until 30 June 2010. In order to register the Player at the HFF, Panionios approached the CBF requesting it to send the Player’s ITC.
16. On 14 August 2009, the CBF sent the Player’s ITC to the HFF. According to the Player’s passport issued by the CBF, the Player was transferred as a professional to Panionios on 14 August 2009.

17. On 18 August 2009, Panionios registered the Player at the HFF.
18. On 18 August 2009, Espanyol sent Panionios a draft loan agreement dated 17 August 2009 in relation to the Player's transfer (hereinafter referred to as the "Draft Loan Agreement"). The parties named in the said agreement as proposed signatories were Espanyol, Panionios and the Player. Espanyol requested Panionios to sign and return a copy of the said agreement. The relevant clauses of the Draft Loan Agreement stated that:
 - a. Espanyol was the legitimate holder of 100% of the Player's registration rights;
 - b. The Player had an employment contract with Espanyol valid until 30 July 2011;
 - c. The parties were willing to have the Player loaned to Panionios for the 2009-2010 season in exchange for EUR 60,000 loan fee; and
 - d. Espanyol's rights over the Player would resume upon the expiry of the Player's loan.
19. On 18 August 2009, Panionios reverted to Espanyol in relation to the Draft Loan Agreement, informing the latter that there was never any agreement between the clubs in relation to the EUR 60,000 loan fee. Panionios indicated its objection to the insertion of this loan fee in the Draft Loan Agreement.
20. Meanwhile, on 18 and 20 August 2009, Panionios, Espanyol and two other players, namely: L. (hereinafter referred to as "L.") and I. (hereinafter referred to as "I.") respectively entered into the following transfer agreements:
 - a. An agreement under which Espanyol agreed to transfer L. to Panionios on loan (hereinafter referred to as the "L. Loan Agreement"); and
 - b. An agreement under which Espanyol agreed to transfer I. to Panionios on loan (hereinafter referred to as the "I. Loan Agreement").
21. On 20 August 2009, Espanyol amended the Draft Loan Agreement using its letter head, deleted the clause related to the EUR 60,000 loan fee and re-sent the Draft Loan Agreement to Panionios.
22. On 20 August 2009, Panionios acknowledged receipt of the amended Draft Loan Agreement by email and requested Espanyol to provide it with a postal address through which the Draft Loan Agreement could be sent to Espanyol for signature. A reminder was sent on 4 September 2009.
23. On 4 September 2009, Espanyol's sports administrator Mr. Guillem Calzón i Julbe reverted to Panionios in relation to the Draft Loan Agreement and informed them as follows: "[i] speak now with Mr. Jose Maria Calzón (delegate) and he send the contracts". Nevertheless, as a matter of fact, no loan agreement was signed between Espanyol and Panionios regarding the Player.
24. On 21 September 2009, Paraná sent a letter to Panionios requesting training compensation for the Player pursuant to Article 2 Annex 4 of the FIFA Regulations on the Status and Transfer of Players edition 2008 (hereinafter referred to as the "FIFA RSTP").

25. On 18 February 2010, Espanyol contacted Panionios, denying the existence of any agreement for the transfer of the Player.

II.3 The FIFA Dispute Resolution Chamber proceedings

26. On 21 September 2010, Paraná filed a claim against Panionios before the DRC. Paraná claimed that Panionios had signed the Player on a free transfer. Paraná argued that the Player had spent the period between his 16th to his 21st birthday with Paraná, and that Panionios had signed the Player when he was aged twenty. Paraná consequently claimed EUR 253,600 as training compensation, calculated on the basis of four full seasons and 2,72 months.
27. In defence, Panionios stated that the Player was under contract with Espanyol, who he joined directly from Brazil, and that the Player had only joined Panionios on loan. The training compensation therefore ought to be paid by Espanyol. In corroborating its arguments, Panionios adduced a copy of the Cooperation Venture Agreement, the Draft Loan Agreement, press releases referring to the Player's transfer from Espanyol to Paraná, and emails exchanged between these two clubs.
28. During the DRC proceedings, Panionios informed FIFA that:
- a. There was no ITC issued by the RFEF to the HFF;
 - b. Although the Player was under contract with Espanyol, Espanyol did not request the ITC from the CBF, hence compelling Panionios to request the same from the HFF; and
 - c. The Player had not been registered at the RFEF.
29. On 1 February 2012, the DRC issued its decision, partially upholding Paraná's claim by finding that it was entitled to training compensation in the amount of EUR 250,000. Panionios was condemned to pay this amount within thirty days, failure to which it would attract an annual interest rate of 5% until the effective date of payment.
30. The DRC decision was based on the following grounds:
- a. In order for Espanyol to be liable to pay training compensation, Panionios was required to discharge its burden of proving that the Player was first registered with Espanyol before being transferred to Panionios pursuant to Article 12.3 of the FIFA Rules Governing the Procedures of the Players' Status Committee and the Dispute Resolution Chamber (hereinafter referred to as the "FIFA Procedural Rules").
 - b. Panionios adduced no document proving either the existence of an ITC issued by the CBF to the RFEF or by the RFEF to the HFF in relation to the Player. As a matter of fact, the HFF confirmed having received the Player's ITC directly from the CBF.
 - c. In view of the information provided from the relevant associations, the Player was never registered at the RFEF or loaned and/or transferred to Espanyol.

- d. The press releases retrieved from Espanyol's website indicating that Espanyol owned the Player were insufficient to establish that the Player had indeed been officially registered, loaned and/or transferred to Espanyol.
- e. None of the parties involved had signed the Draft Loan Agreement.
- f. Before his transfer to Panionios, the Player was last registered with Paraná. He was thus transferred as a professional in the sense of Annex 4 Article 3.1 of the FIFA RSTP, and Panionios was liable to pay Paraná training compensation.
- g. Pursuant to Annex 4 Articles 5.1 and 5.2 of the FIFA RSTP, the training compensation due to Paraná was to be calculated by taking into consideration the costs the new club, i.e. Panionios, would have incurred, had they trained the Player on their own.
- h. Pursuant to FIFA circular 1185 of 22 April 2009, Panionios belonged to the Union Européenne de Football Association (hereinafter referred to as "UEFA") category II, which provides an annual training compensation amount of EUR 60,000.
- i. The Player was registered with Paraná from 1 January 2005 to 9 February 2009, and as from 1 April 2009 to 12 May 2009. Paraná's claim was hence partially accepted, and Panionios was ordered to pay Paraná EUR 250,000.

III. THE ARBITRAL PROCEEDINGS BEFORE THE CAS

31. On 29 August 2012, the Appellant filed its Statement of Appeal at the Court of Arbitration for Sport (hereinafter referred to as the "CAS") and nominated Efraim Barak, attorney-at-law in Tel-Aviv, Israel, as arbitrator.
32. On 31 August 2012, the CAS Court Office granted the Respondent ten days to nominate an arbitrator.
33. On 10 September 2012, the Respondent nominated Mr. Fabio Iudica, attorney-at-law in Milan, Italy, as arbitrator.
34. On 12 September 2012, the Appellant filed its Appeal Brief.
35. On 2 October 2012, the Parties were informed that the Panel appointed to decide the above-referenced case was constituted as follows:
 - Mr. Rui Botica-Santos, Attorney-at-law in Lisbon, Portugal as President.
 - Mr. Efraim Barak, Attorney-at-law, Tel Aviv, Israel, appointed by the Appellant.
 - Mr. Fabio Iudica, Attorney-at-law, Milan, Italy, appointed by the Respondent.

The Panel also appointed Mr. Felix Majani, Attorney-at-law, Nairobi, Kenya to act as the ad hoc clerk.

36. On 23 October 2012, the Respondent filed its Answer together with documents and evidence in support of its defence.
37. On 26 October 2012, the CAS Court Office invited the Parties to state whether they wanted a hearing or preferred to have the matter decided on the basis of their written submissions.
38. On 30 October 2012, the Respondent indicated its wish for a hearing.
39. On 30 October 2012, the CAS Court Office undertook the following preliminary and evidentiary measures:
 - a. the Appellant was requested to provide the CAS Court office within five days, with page 3 of the Cooperation Venture Agreement, which had erroneously been left out in the Appeal Brief; and
 - b. FIFA was requested to send a copy of the file related to the DRC proceedings.
40. On 1 November 2012, the Appellant re-sent a full copy of the Cooperation Venture Agreement. It also indicated its availability for a hearing.
41. On 13 November 2012, the CAS Court Office received a copy of the FIFA file.
42. On 14 November 2012, the CAS Court Office informed the Parties that the matter would be heard on 24 January 2013 at the CAS headquarters. They were invited to confirm the names of their representatives as well as the names of all the witnesses and/or experts, if any, who would attend the hearing.
43. On 14 November 2012 the Order of Procedure was sent to the Parties, who both signed the same.
44. On 24 January 2013, the hearing was held at the CAS headquarters in Lausanne, Switzerland. The Panel was assisted at the hearing by Mr. Pedro Fida, Counsel to the CAS. During the hearing, the Appellant was represented by Mr. Konstantinos Zemberis. The Respondent was represented by Mr. Eduardo Carlezzo.
45. During the hearing, the Panel informed the Parties that it would seek their views on Annex 4 Article 3 of the FIFA RSTP, which states that “[i]n the case of subsequent transfers of the professional, training compensation will only be owed to his former club for the time he was effectively trained by that club”.
46. At the conclusion of the hearing, the Parties confirmed that they had no objection in respect to the manner in which the hearing had been conducted, in particular the principles of the right to be heard and to be treated equally in the arbitration proceedings.
47. On 1 February 2013, the CAS Court Office officially granted the Appellant until 11 February 2013 to adduce a copy of its loan agreement with Iguazú (hereinafter referred to as the “Iguazú Loan Agreement”). Upon receipt of the Iguazú Loan Agreement, the Parties were informed that they would have until 20 February 2013 to file their comments on their

interpretation of Annex 4 Article 3 of the FIFA RSTP. Each party would be granted another five days to comments on each other's submissions on this provision.

48. On 8 February 2013, the Respondent requested the CAS Court Office to extend its deadline for filing the Iguaçu Loan Agreement to 18 February 2013.
49. On 12 February 2013, the CAS Court Office extended the Respondent's deadline for filing the Iguaçu Loan Agreement to 18 February 2013.
50. On 18 February 2013, the Respondent filed a copy of: (i) the Employment Contract; (ii) the Player - Paraná Termination Agreement; (iii) the Player-Iguaçu Termination Agreement; (iv) the Loan Authorisation; and (v) a copy of Iguaçu's employment contract with the Player (hereinafter referred to as the "Iguaçu Employment Contract"). The Respondent did not adduce a copy of the Iguaçu Loan Agreement.
51. On 19 and 21 February 2013, the Respondent and the Appellant respectively filed submissions on their interpretation of Annex 4 Article 3 of the FIFA RSTP.
52. On 21 February 2013, the CAS Court Office granted the Parties five days to comment on each other's submissions on Annex 4 Article 3 of the FIFA RSTP.
53. On 26 and 27 February 2013, the Parties respectively reverted to the CAS Court Office, replying to each other's submissions on Annex 4 Article 3 of the FIFA RSTP.

IV. THE PARTIES' POSITIONS

IV.1. The Appellant's position

A. The facts

54. Panionios asserts that Espanyol signed an employment contract with the Player in June 2009, and that a month later, Espanyol loaned the Player to them through the Cooperation Venture Agreement.
55. Panionios confirms having signed a one season employment contract with the Player on 17 July 2009.
56. Contrary to the contents of the Player's passport, the Player did not join Panionios directly from Paraná. He immediately signed an employment contract with Espanyol after the expiry of his contract with Paraná, and was then loaned to Panionios.
57. The HFF requested the Player's ITC from the CBF because Panionios was informed that the ITC was still in Brazil.

58. The Appellant sent Espanyol three copies of the final Draft Loan Agreement, duly signed by Panionios and the Player, and requested Espanyol to sign all the copies and return two copies. Espanyol failed to do this.

B. The Appealed Decision

59. The DRC erred in its assessment of the evidence adduced by Panionios to corroborate its argument that the Player joined Panionios on loan from Espanyol.

C. The Player joined Espanyol directly from Paraná

60. Panionios adduces a sworn testimony drafted by the Player (hereinafter referred to as the “Player’s Statement”), wherein the Player states that:
- i. he joined Espanyol in the summer of June 2009 on a two year employment contract; and
 - ii. a month later, he was loaned to Panionios for one year after Espanyol and Panionios had entered into a loan agreement.
61. Corroborating the above is a sworn testimony made by I., who says that together with the Player, he was loaned to Panionios from Espanyol in the summer of June 2009 for one year under the Cooperation Venture Agreement. I. claims that before he was loaned to Panionios, he and the Player trained together in the summer of 2009 under the instructions of Espanyol’s coaches and that Espanyol informed the media that they had signed the Player.
62. On 16 June 2009, Espanyol announced in its website that they had signed the Player, and that the Player would then be loaned to Panionios. The well-known football website “www.soccerassociation.com” also published a similar report.
63. Panionios adduces Espanyol’s official magazine for the month of June 2009, wherein Espanyol mentions that it had entered into the Cooperation Venture Agreement, under which the Player would be the first player to be loaned to Panionios.
64. Emails exchanged between Panionios and Espanyol also prove that the Player first belonged to the latter. Espanyol’s email dated 18 August 2009 is of particular importance because it attaches the Draft Loan Agreement, which was drafted by Espanyol and amended on 20 August 2009 in Espanyol’s letterhead.
65. Espanyol declined to sign and return the signed copies of the Draft Loan Agreement because they were aware of their duty to pay training compensation. Proving this is the fact that Espanyol signed and returned to Panionios copies of the L. Loan Agreement and the I. Loan Agreement.

66. Although there is no document showing the Player's registration at the RFEF and notwithstanding the fact that Panionios does not have a copy of the Player's employment contract with Espanyol, the Appellant has proved from the aforementioned evidence that the Player was loaned to Panionios after having been signed by Espanyol under the Cooperation Venture Agreement.

D. Panionios is not liable to pay training compensation

67. Since the Player signed an employment agreement with Espanyol, Paraná ought to request training compensation from Espanyol.
68. The mere fact that Panionios has not adduced a copy of Espanyol's employment agreement with the Player, or a copy of the signed loan agreement with Espanyol coupled with (i) the subsequent failure to register the Player at the RFEF, (ii) the RFEF's failure to request the Player's ITC from the CBF and (iii) the CBF's act of sending the Player's ITC directly to the HFF are irrelevant for this case because:
- i. Espanyol was obliged to register its employment contract with the Player before the RFEF and to instruct the RFEF to request the Player's ITC from the CBF. Espanyol failed to do this and Panionios could not have known this failure up until the moment it requested the Player's ITC from the CBF through the HFF; and
 - ii. Paraná was fully aware of the fact that Espanyol had signed an employment contract with the Player. Proving this is an extract received from a press release dated 7 January 2010 where Mr. Alessandro Kishino, Paraná's lawyer, stated that "[w]e got something from Fiorentina for Jefferson, we're waiting from Espanyol for W. (...)".
69. The Panel should not adopt a formalistic interpretation of the FIFA regulations on training compensation. Rather, the Panel should decide this matter on the basis of the "(...) *real meaning and the actual goal of the said regulations, which is (...) payment of the training compensation by the club with which the player signed an employment contract immediately after the expiry of his contract with the training club (...) undoubtedly Espanyol*".
70. Paraná knew it ought to take legal action against Espanyol but rather chose to pursue Panionios in bad faith. Its claim against Panionios for training compensation ought to be dismissed.

E. The amount of training compensation awarded by the DRC is disproportional

71. Should the Panel adopt a formalistic interpretation of the FIFA regulations on training compensation, it should nevertheless lower the amount of money awarded in the Appealed Decision in line with the principles of justice and fairness because it was disproportional as it failed to consider the fact that the Player was young, inexperienced and only played for Panionios on loan for a period of one year.

F. *Annex 4 Article 3.1 of the FIFA RSTP*

72. Annex 4 Article 3.1 of the FIFA RSTP is clear that for every subsequent transfer of a professional, only the last club for which the player was registered is entitled to training compensation for the period the player was effectively trained by that club and therefore, the new club will only be liable to pay training compensation to the player's actual former club.
73. Panionios does not share Paraná's interpretation of the meaning of "subsequent transfer" and "former club". A loan is also a transfer, and the regulations do not differentiate between a loan and a definite transfer.
74. The Player's transfer to Iguaçu is peculiar. He never played a match for Iguaçu during his time there on loan, and Paraná never really wanted the Player's services. Paraná is not entitled to training compensation for the period 1 April to 12 May 2009 because it did not provide any kind of training to the Player.
75. Paraná tried to circumvent the FIFA regulations because they are not the Player's last club within the meaning of Annex 4 Article 3.1 of the FIFA RSTP. This club is actually Iguaçu. The Panel must consider this and calculate the exact training compensation (if any), due to Paraná.
76. The precedent in CAS 2004/A/594 is inapplicable. It was rendered on the basis of the 2001 FIFA RSTP regulations. In this case, both parties also agreed that Hapoel was the former club, hence entitled to training compensation.

G. *Requests*

77. The Appellant requests the CAS to issue the following relief:
1. *"to set aside the challenged decision;*
 2. *to rule that the Appellant is not liable to pay training compensation to the Respondent for the player W.;*
 3. *to condemn the Respondent to the payment in favour of the Appellant of the legal expenses incurred;*
 4. *to establish that the costs of the arbitration procedure shall be borne by the Respondent.*

Subsidiarily, and only in the event that the above is rejected and the Panel decides that training compensation for the player W. is payable by the Appellant:

1. *to set aside the challenged decision;*
2. *to establish that the training compensation awarded by the challenged decision is disproportionate and needs to be reduced;*
3. *to calculate the training compensation payable by the Appellant in a fair and proportionate way;*

4. *to condemn the Respondent to the payment in the favour of the Appellant of the legal expenses incurred;*
5. *to establish that the costs of the arbitration procedure shall be borne by the Respondent”.*

IV.2. The Respondent's position

A. *Training compensation*

78. Article 20 of the FIFA RSTP states that training compensation is payable on each transfer of a professional until the end of the season of his 23rd birthday.
79. Article 2 Annex 4 of the FIFA RSTP adds that training compensation is due when a professional is transferred between clubs of two different associations, (whether during or at the end of his contract) before the end of the season of his 23rd birthday.
80. It is evident from the Appeal Brief and the Appealed Decision that Panionios signed the Player on a free transfer during his 20th birthday.
81. The Player's passport shows that the Player signed for Panionios immediately after the expiry of his contract with Paraná.
82. In essence, Panionios does not challenge Paraná's right to training compensation. Rather, it bases its appeal on the fact that the Player's immediate former club after leaving Paraná was Espanyol.

B. *Espanyol's position*

83. In its letter dated 18 February 2010 to Panionios, Espanyol expressly state that “(...) *we are not party to any agreement with the player W. and your club and therefore RCD ESPANYOL DE BARCELONA, S.A.D. shall not be held for any claim which Paraná Clube may have against you*”.

C. *The Appealed Decision*

84. Paraná reiterates its support and approval of the grounds established in the Appealed Decision.

D. *Alleged bad faith*

85. Contrary to the Appellant's allegations, it is actually Panionios who have acted in bad faith based on their unfounded appeal before the CAS. As a matter of fact, Paraná would have gained a higher training compensation of EUR 380,250 had the Player truly joined Espanyol, a UEFA category I club immediately after leaving Paraná. It was however established that the

Player joined Panionios and not Espanyol, and Paraná cannot be said to have acted in bad faith by pursuing Panionios.

E. The Appellant's arguments

86. The Appellant has not adduced valid and substantial legal arguments in this appeal. Its appeal is rather based on unfounded considerations about an alleged loan agreement between Panionios and Espanyol. Panionios has not adduced a copy of this agreement.
87. In addition to this, Panionios has not adduced a copy of the alleged employment contract between Espanyol and the Player.
88. The Cooperation Venture Agreement is irrelevant. It does not refer to any loan agreement between Panionios and Espanyol for the Player's transfer. It only mentions a partnership between Panionios and Espanyol for the exchange of young players. It neither specifies the name of any player nor the date for the said exchange.
89. In view of the above, it is clear that the Player was never registered by Espanyol. Corroborating this is Panionios' assertion in the Appeal Brief that "(...) *the Appellant was informed that the ITC of the player was still in Brazil and therefore the HFF had to request it from the Confederação Brasileira de Futebol in Brazil, as indeed happened*".
90. The Player's passport makes no reference to Espanyol. Panionios only adduced copies of emails regarding the possible loan of the Player to Espanyol and adduced the Draft Loan Agreement, which prove nothing.
91. The chain of events leading to the Player's alleged transfer to Espanyol does not seem to be very transparent. Whereas the Player signed his employment contract with Panionios on 17 July 2009 and his ITC was sent by the CBF to the HFF on 14 August 2009, there exists a Draft Loan Agreement dated 20 August 2009 adduced by the Appellant for signature by Espanyol. It is practically impossible for Espanyol and Panionios to be negotiating a loan agreement for the Player's transfer on 20 August 2009, whereas Panionios had already signed an employment contract with the Player on 17 July 2009.
92. The Player's Statement should not be considered to be true. If indeed it was true, the Player ought to have corroborated it with a copy of his employment contract with Espanyol.
93. Notwithstanding the above, the Player's Statement is not valid. It was executed at a time when the Player was employed by Panionios and his declarations were influenced by his employers.

F. *The procedure for signing a player*

94. Annex 3 Article 2.1 of the FIFA RSTP states that all applications to register a professional must be submitted by the new club to the new association. These applications are to be accompanied by a copy of the contract between the new club and the professional.
95. Panionios has not adduced any document proving that these requirements were met and that Espanyol and the Player had an employment contract.
96. The proper procedure which ought to have been followed if indeed the Appellant's arguments are correct is:
 - a. The Player and Espanyol sign a contract;
 - b. The contract is deposited at the RFEF;
 - c. The RFEF requests the CBF to send the Player's ITC;
 - d. The CBF sends the Player's ITC;
 - e. Espanyol and Panionios sign a loan agreement;
 - f. The Player signs an employment contract with Panionios;
 - g. The HFF requests the RFEF to send the Player's ITC;
 - h. The RFEF sends the Player's ITC; and
 - i. The Player's ITC is returned to the RFEF after the expiry of the loan agreement.
97. However, the documents adduced by the Appellant do not point to any of these procedures having been followed.
98. Panionios tries to prove the existence of a loan agreement with Espanyol on the basis of an oral agreement. The Draft Loan Agreement was never signed. Article 10.1 of the FIFA RSTP states that a professional may be loaned to another club on the basis of a written agreement between him and the clubs concerned.
99. On a similar breath, Article 13.1 of the Swiss Code of Obligations (hereinafter referred to as the "CO") states that "[a] contract required by law to be in writing must be signed by all persons on whom it imposes obligations".
100. Notwithstanding the above, Annex 3 Article 4 of the FIFA RSTP requires the terms of the loan agreement to be enclosed with the ITC request.
101. Panionios has valuable experience in the international transfer market. In 2009, they signed nine players from foreign clubs and loaned out seven other players. They cannot therefore claim to be unaware of the procedure for transacting players at international level.

G. *Annex 4 Article 3.1 of the FIFA RSTP*

102. The Player's last or former club within the meaning of Annex 4 Article 2 of the FIFA RSTP is Paraná. This is because the Player was still undergoing his training at the time he was loaned to Iguaçu and continued his training until 12 May 2009, when the Employment Contract with Paraná was terminated. The mere fact that the Player was loaned to Iguaçu does not mean that he left Paraná on a definite basis because Paraná retained his registration rights.
103. Iguaçu and Paraná signed no loan agreement. Paraná simply authorized the Player's loan. The fact that the Player did not play for Paraná for the period 1 April to 12 May 2009 is irrelevant. Besides, Panionios has adduced no evidence to this effect.
104. Pursuant to CAS 2008/A/1705, "(...) *the period to be considered when establishing the amount of training compensation owed is the time during which a player was effectively trained by a club. This rules out any time spent by a player at another club on a loan arrangement (...)*". Paraná is of the opinion that the loan period is also included in calculating training compensation if the training club was responsible for the training costs.
105. Reference must also be made to the panel's holding in CAS 2004/A/594, which did not grant the appellant therein training compensation for the period in which its former player had been loaned to another club.
106. In a FIFA DRC decision dated 24 November 2011, the FIFA DRC was of the view that the fact that the claimant in that case had loaned the player to another club was irrelevant as to the substance of the matter and would not prejudice the right to training compensation.
107. Annex 4 Article 3 of the FIFA RSTP does not state that a loan in the middle or at the end of a training period has power to completely disregard the previous training. Clubs would be destroyed and the training compensation system would be distorted if a deciding body were to only consider the last period after the end of a loan spell in calculating training compensation. This would amount to penalising a club for loaning a player during his training period.
108. Paraná is entitled to training compensation for the entire period they trained the Player.

H. *The amount of training compensation*

109. Panionios was classified as a category II club in the UEFA zone at the time it signed the Player. The Player spent his 16th to 21st birthday at Paraná. Pursuant to FIFA Circular 1142, UEFA category II clubs should pay EUR 60,000 for every season as training compensation. Panionios ought to have received EUR 253,000 from the DRC but was however awarded EUR 250,000 and has accepted this decision.
110. Panionios has not adduced any documents or evidence substantiating why the amount awarded in the Appealed Decision should be lowered. Its request should hence be dismissed.

I. Requests

111. Paraná concludes by making the following prayers:

- “1) The Appeal is fully dismissed and the decision from the FIFA DRC is confirmed;*
- 2) The Appellant is condemned to pay the entire procedural costs;*
- 3) The Appellant is condemned to pay CHF 15,000 as legal expenses of the Respondent as well as other costs incurred by the Respondent during this appeal”.*

V. LEGAL ANALYSIS

V.1 Jurisdiction of the CAS

112. The jurisdiction of the CAS, which is not disputed, derives from Articles 62 and 63 of the FIFA Statutes edition 2011 and Article R47 of the Code of Sports-related Arbitration (hereinafter referred to as the “CAS Code”).
113. Moreover, the Parties confirmed the jurisdiction of the CAS by signing the Order of Procedure.
114. It follows that the CAS has jurisdiction to decide this dispute.

V.2 Admissibility

115. In accordance with Article 63.1 of the FIFA Statutes 2011, “[a]ppeals 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”.
116. The grounds of the Appealed Decision were notified on 9 August 2012 and the Statement of Appeal filed on 29 August 2012. This was within the required twenty one days.
117. It follows that the appeal is admissible. Furthermore, no objection has been raised by the Respondent.

V.3 Law applicable to the merits

118. Article R58 of the CAS Code provides the following:
- “The Panel shall decide the dispute according to the applicable regulations and 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, the*

application of which the Panel deems appropriate. In the latter case, the Panel shall give reasons for its decision”.

119. The matter at stake relates to an appeal against a FIFA decision, and reference must hence be made to Article 62.2 of the FIFA Statutes edition 2011 which states that:
- “The provisions of the CAS Code of Sports-Related Arbitration shall apply to the proceedings. CAS shall primarily apply the various regulations of FIFA and, additionally, Swiss law”.*
120. In light of the above, the Panel is of the view that the law applicable to the present appeal shall be the FIFA rules and Swiss law in subsidiary.
121. In relation to which FIFA regulations should be applicable to the present case, the Panel, as the DRC found in its decision, confirms that in accordance with Article 26.1 and 26.2 of the FIFA RSTP (editions 2008, 2009 and 2010), and considering that the matter before the DRC was filed on 21 September 2010 and the Player was registered by Panionios on 18 August 2009, the FIFA RSTP 2008 edition is applicable to the matter at hand as to the substance.

V.4 The Merits of the Appeal

122. Based on the Parties’ submissions, the issues for determination are the following:
- a) Is Paraná entitled to receive training compensation?
 - b) Depending on the answer to (a) above, pursuant to the FIFA regulations, who is responsible for paying Paraná training compensation?
 - c) Depending on the answer to (b) above, is the amount of training compensation awarded in the Appealed Decision in accordance with the FIFA regulations?
 - d) Depending on the answer to (c) above, what is the amount of training compensation due to Paraná?
- A. Is Paraná entitled to receive training compensation?*
123. Pursuant to Article 20 of the FIFA RSTP, “[t]raining compensation shall be paid to a player’s training club(s) (...) on each transfer of a Professional until the end of the Season of his 23rd birthday”.
124. Annexe 4 Article 2.1 (ii) of the FIFA RSTP adds that training compensation is due “(...) when a Professional is transferred between clubs of two different Associations (...)”.
125. It is not in dispute that the Player was registered at Paraná for the period 1 January 2005 to 1 July 2007, 2 July 2007 to 9 February 2009 and from 1 April 2009 to 12 May 2009 before he moved to European football on a free transfer.

126. Furthermore, the Appellant does not dispute whether Paraná is entitled to training compensation. Panionios' sole contention is that Paraná must claim this compensation from Espanyol as the Player's immediate club after his transfer from Brazil.
 127. It therefore follows that Paraná is entitled to training compensation from the immediate club that the Player joined after leaving Paraná on 12 May 2009.
- B. *Pursuant to the FIFA regulations, who is responsible for paying Paraná training compensation?*
128. Panionios asserts that immediately after leaving Paraná, the Player joined Espanyol. Paraná denies this, and reiterates that the Player joined Panionios immediately after leaving Paraná.
 129. In corroborating its assertions, Panionios relies on the Cooperation Venture Agreement, the Draft Loan Agreement together with several announcements made in Espanyol's website and in other sports websites stating that Espanyol had signed the Player.
 130. Paraná invokes the FIFA RSTP provisions on player transfer and registration and hinges its defence on the fact that Panionios has not adduced a copy of the Player's employment contract with Espanyol as proof of the inexistence of any contractual relationship between the Player and Espanyol.
 131. It is clear from the Parties' assertions that the core issue for determination is the establishment of which club the Player transferred to immediately after leaving Paraná.
 132. In view of the law applicable, the Panel remarks that the issue as to which club the Player joined immediately after leaving Paraná must be determined within the meaning of FIFA's express administrative procedures which govern the loan or definite transfer of professionals between associations, as well as the unwritten, yet adopted laws, practices or usages common to clubs and players in the football market for the transfer of players, the so called *lex mercatoria*.
 133. Pursuant to Article 12.3 of the FIFA Rules Governing the Procedures of the Players' Status Committee and the Dispute Resolution Chamber edition, "[a]ny party claiming a right on the basis of an alleged fact shall carry the burden of proof".
 134. Relating the above to the facts, the Panel states that the burden of proving that the Player transferred from Brazil to Spain, *in casu* Espanyol, and thereafter from Espanyol to Panionios lies with the Appellant.
 135. To begin with, the Panel refers to Annexe 3 Article 4.2 of the FIFA RSTP which stipulates that "[t]he terms of the loan agreement shall be enclosed with the ITC request", and notes that Panionios has not adduced a signed and written copy of the loan transfer agreement between them and Espanyol for the Player's transfer.

136. In the Panel's view, the Draft Loan Agreement is insufficient and cannot be regarded as a transfer agreement because it ought to have been signed by all the parties, pursuant to Article 10.1 of the FIFA RSTP and 13.1 of the CO which respectively state as follows:
 - a. Article 10.1 of the FIFA RSTP "*[a] professional may be loaned to another club on the basis of a written agreement between him and the clubs concerned*".
 - b. Article 13.1 CO "*[a] contract which by law must be in written form must bear the signatures of all persons who are to be bound by it*".
137. Apart from adducing a statement indicating that he signed a two year employment contract for the 2009-2010 and 2010-2011 season with Espanyol and corroborating the same with a similar statement from I., neither Panionios nor the Player have been able to adduce a copy of the alleged employment agreement to corroborate their statements in light of the statutory provisions of Article 2.2 of the FIFA RSTP which requires a professional to have a written contract with a club.
138. Furthermore, Panionios has neither summoned the Player nor I. to orally confirm the contents of their statements, or enable the Panel to question and/or seek clarification. On their own, the Player's Statement and that of I. cannot prove on a balance of probability that the Player had an employment agreement with Espanyol.
139. Whether or not Espanyol misled Panionios by failing to sign the Draft Loan Agreement can be left open and is not within the scope of issues to be decided by the Panel in the present proceedings. But in view of the express provisions of Article 10.1 of the FIFA RSTP and Article 13.1 of the CO, the Panel cannot rely on the unsigned Draft Loan Agreement in arriving at the conclusion that there was a transfer agreement between Espanyol and Panionios.
140. Annexe 3 Article 2.1 of the FIFA RSTP also states that "*[a]ll applications to register a professional must be submitted by the new club to the new association*", and pursuant to this, Panionios has not adduced any document or evidence proving the existence of any application by Espanyol to the RFEF to register the Player.
141. There also exists no document issued by the RFEF to the CBF requesting the Player's ITC. As a matter of fact, no ITC was ever sent by the CBF to the RFEF and there is no evidence that the RFEF sent Espanyol a copy of the Player's passport, despite this being a requirement as provided under Article 7 of the FIFA RSTP which states that "*[t]he registering association is obliged to provide the club with which the player is registered with a player passport containing the relevant details of the player*".
142. Despite claiming that the HFF requested the Player's ITC from the CBF because Panionios was informed that the ITC was still in Brazil, Panionios has failed to establish and convince the Panel from whom such information was received, nor have they adduced any document proving receipt of the said information. The Panel further remarks that if indeed Panionios received such information, they ought to have undertaken due diligence from Espanyol

and/or FIFA to find out why the CBF had not sent the Player's ITC to the RFEF, and to forthwith put off any talks or procedures they had undertaken to sign the Player.

143. Looking at the Player's passport sent by the HFF to FIFA on 16 November 2011, it shows that the Player was registered by Panionios as a professional on 18 August 2009 following the issuance of his ITC by the CBF on 14 August 2009. It also shows that after the Player's Contract with Panionios expired on 30 June 2010, the HFF returned his ITC to the CBF on 11 February 2011. It neither mentions any contract between the Player and Espanyol nor any ITC exchanged between the RFEF and the CBF.
144. If the Player was indeed on loan at Panionios from Espanyol, Panionios ought to have returned the Player's registration to Espanyol after the expiry of his loan employment agreement. This is pursuant to Annexe 3 Article 4.3 of the FIFA RSTP which states that "[u]pon expiry of the loan period, the ITC shall be returned, upon request, to the association of the club that released the player on loan". Panionios has however not adduced any ITC or related document proving that they returned the Player's registration to Espanyol immediately after his loan contract had expired. To the contrary, the Player's passport shows that the HFF returned his ITC to the CBF on 11 February 2011.
145. Whilst there also exists the Cooperation Venture Agreement, an extract dated 16 June 2009 from Espanyol's website indicating that the club had "(...) *concluded the incorporation of the Brazilian left back W. [who] (...) is going to be loaned out to the Greek club Panionios GSS, with whom Espanyol have a collaboration agreement*" and also a press release dated 7 January 2010 where Mr. Alessandro Kishino, Paraná's lawyer, stated that "[w]e got something from Fiorentina for Jefferson, we're waiting from Espanyol for W. (...)", the Panel is of the opinion that this evidence does not bear the sufficient weight to prove to the comfortable satisfaction that Espanyol and the Player had an employment agreement because:
 - a. It is weaker and less firm in comparison to the clear and specific transfer procedures highlighted in the FIFA RSTP. The nature of the case beforehand required Panionios to adduce the strongest and firmest evidence which would give the Panel sufficient strength to enable it to find the existence of an employment agreement between Espanyol and the Player;
 - b. The most solid and persuasive evidence required in this case ought to have been derived from the documentary procedures established under the FIFA RSTP provisions and practices adopted in the international transfer of players;
 - c. The Cooperation Venture Agreement is neither certain nor specific in relation to the transfer of the Player from Espanyol to Panionios. It is a gentleman's agreement under which Panionios and Espanyol agree on a future transfer of young, yet unidentified players on a gratuitous basis;
 - d. Panionios has not adduced a copy of Espanyol's employment agreement with the Player to corroborate the press release extracted from Espanyol's website. Moreover, Espanyol made it clear to Panionios on 18 February 2010 that they were "(...) *not party to any agreement with the player W. and your club and therefore RCD ESPANYOL DE*

BARCELONA, S.A.D. shall not be held for any claim which Paraná Clube may have against you"; and

- e. Paraná refutes the contents of the press release dated 7 January 2010 in light of its Answer filed in this matter.
-
146. In relation to the signed copies of the L. Loan Agreement and the I. Loan Agreement adduced by Panionios, the Panel deems them irrelevant and of minimal probative force. They relate to contractual agreements between Espanyol and Panionios for the transfer of different players who are not the subject matter of this appeal. They do not bear any material weight or elements which would assist the Panel to focus and arrive at a conclusive finding on the main issue: whether the Player and Espanyol had an employment agreement.
 147. Notwithstanding all the above findings, the Panel highlights serious inconsistencies in the chain of events laid forth by Panionios. Whereas the Contract was signed on 17 July 2009, there is evidence of correspondence exchanged between Espanyol and Panionios on 18, 20 and 25 August, and on 4 September 2009 in relation to the finalisation of the Draft Loan Agreement to enable the Player's purported transfer from Espanyol to Panionios.
 148. It is impossible for Panionios to have entered into an employment agreement with the Player on 17 July 2009 and to thereafter engage Espanyol in negotiations for the transfer of the same Player with a view to executing a transfer agreement for him. This, in the Panel's view, is inconceivable.
 149. The only logical and legitimate procedure would have seen Panionios, the Player and Espanyol first coming up with a final and signed loan transfer agreement, after which Panionios and the Player would then have entered into the Contract.
 150. Panionios' chain of events and evidence disproves the existence of its alleged facts and arguments. The Panel cannot conclude whether Espanyol and the Player ever entered into an employment agreement and this uncertainty has further been casted by Panionios' failure to summon the Player for cross examination during the hearing.
 151. In view of all the foregoing, the Panel finds from a formal and material point of view that the Player did not formally join Espanyol immediately after leaving Paraná. It is apparent from the facts and evidence adduced *vis-à-vis* the FIFA RSTP procedures that the Player joined Panionios immediately after leaving Paraná because:
 - a. As a free agent, the Player and Panionios signed the Contract on 17 July 2009;
 - b. Thereafter, and for registration purposes, the CBF sent the Player's ITC to the HFF on 14 August 2009;
 - c. The Player's passport, whose aim is to enable clubs and federations to know the club(s) with which the player has been registered since the season of his 12th birthday clearly shows that the Player was registered as a professional by Panionios on 18 August 2009; and

- d. Following the expiry of the Contract on 30 June 2010, the HFF returned the Players' passport to the CBF on 11 February 2011.
152. Pursuant to Annex 4 Article 2 (ii) of the FIFA RSTP, training compensation is due “(...) *when a professional is transferred between clubs of two different Associations before the end of the season of his 23rd birthday*”.
 153. The Player, born on 1 April 1989 was transferred and registered as a professional from Paraná, affiliated to the CBF, to Panionios affiliated to the HFF. This transfer occurred before the season of his 23rd birthday.
 154. It therefore follows that Panionios is liable to pay Paraná training compensation.
- C. *Is the amount of training compensation awarded in the Appealed Decision in accordance with the FIFA regulations?*
155. It is Panionios' assertion that the amount awarded in the Appealed Decision be reviewed in accordance with the provisions of Annexe 4 Article 3.1 of the FIFA RSTP so as to reach a fair and proportionate manner.
 156. Panionios alternatively requests the Panel to lower the amount of EUR 250,000 awarded in the Appealed Decision in line with the principles of justice and equity. It claims that this amount was disproportional as it failed to consider the fact that the Player was young, inexperienced and only played for Panionios on loan for a period of one year.
 157. Panionios emphasizes that Annexe 4 Article 3.1 of the FIFA RSTP is clear that for every subsequent transfer of a professional, only the last club (which they consider to be Iguazú) is entitled to training compensation, and that Paraná tried to circumvent the FIFA regulations because they are not the Player's last club within the meaning of Annexe 4 Article 3.1 of the FIFA RSTP.
 158. In reply, the Respondent avers that the Player's last or former club within the meaning of Annexe 4 Article 2 of the FIFA RSTP is Paraná because the Player was still undergoing his training at the time he was loaned to Iguazú.
 159. Paraná reiterates that pursuant to CAS 2008/A/1705, the period to be considered when establishing the amount of training compensation owed is the time during which a player was effectively trained by a club. This excludes any time spent by a player at another club on a loan arrangement as also stated in CAS 2004/A/594 and the FIFA DRC decision dated 24 November 2011.
 160. Paraná also states that pursuant to FIFA Circular 1142, it ought to have received EUR 253,000 from the DRC but was however awarded EUR 250,000 and has accepted this

decision. It reiterates that Panionios has not adduced any documents or evidence substantiating why the amount awarded in the Appealed Decision should be lowered.

161. The Panel remarks that the issue as to whether or not the amount of training compensation awarded complies with the FIFA regulations must be assessed within the parameters of the FIFA RSTP provisions on training compensation.
162. Pursuant to Annexe 4 Article 1.1 of the FIFA RSTP, “[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”.
163. It is not disputed that the Player stayed with Paraná until he was loaned to Iguazú on 10 February 2009 and then returned to Paraná on 1 April 2009, where he stayed until 12 May 2009.
164. Indeed Annexe 4 Article 3.1 of the FIFA RSTP (which is only applicable to transfer between clubs affiliated to different Associations, as in this case) expressly states that “[i]n the case of subsequent transfers of the professional, training compensation will only be owed to his former club for the time he was effectively trained by that club” (emphasis added), and indeed it is the Panel’s understanding that Paraná was the former, or last club which the Player was registered for before being transferred to Panionios.
165. However, the question to be answered in this appeal and in the context of the interpretation of Annexe 4 Article 3.1 of the FIFA RSTP is whether the calculation of the training compensation owed to Paraná should be made in relation to the entire period in which the Player was registered with Paraná, before and after the loan to Iguazú or whether the loan to Iguazú has an impact on the period in a way that this loan actually reduced the period to be taken into consideration only to the last cycle i.e. the last period in which the Player was registered with Paraná after he returned from the loan period to Iguazú.
166. The Panel is of the opinion that the right and accurate interpretation of this Article is that the calculation of the training compensation should be made in respect to the former club only for the period of the last cycle of registration with that club. This was indeed held in CAS 2007/A/1320-1321.
167. Therefore the Panel can only understand the above mentioned rule in the sense of considering Panionios liable to pay the training compensation to Paraná (as the former club who has previously trained the Player) only for the period during which the Player was registered with Paraná after the loan to Iguazú (from 1 April to 12 May 2009).
168. In fact, considering that:
 - a. Article 10.1 of the FIFA RSTP states that “[a]ny such loan is subject to the same rules as apply to the transfer of players, including the provisions on training compensation and solidarity mechanism”;

- b. The provisions under Article 10.1 of the FIFA RSTP “(...) *are binding at national level and have to be included, without modification, in the Association’s regulations*” (as stated by Article 1.3 lit. a of the FIFA RSTP); and
- c. “*The national regulation of an Association should also foresee a system to reward the club investing in the training and education of young players*” (as established under Article 1.2 of the FIFA RSTP);

the question whether Paraná was or should have been compensated for the period of over four years (from 1 January 2005 to 10 February 2009) in which the Player has been trained by this club before moving on loan to Iguaçu is irrelevant to these proceedings. This is an internal domestic issue between the two Brazilian clubs involved in the transfer of the Player between them.

- 169. To this effect FIFA indeed expects that the national association will establish a system to reward the club investing in the training of the player when the player is transferred within the training period to another club from the same association. However if for any reason the national domestic system and the National Federation or Association does not provide for such a system (despite the clear wordings of the FIFA RSTP), this does not mean that the period of training that was not compensated by the domestic system will be “transferred” and considered under the international system of compensation. Indeed, any other interpretation of this article might lead to an abusive use of a loan or a transfer between clubs that are affiliated to a national federation that for its own internal reasons, has decided not to establish a domestic training compensation system.
- 170. Even if Paraná loaned the Player to Iguaçu without any loan agreement or transfer fee, this was contrary to Article 10.1 of the FIFA RSTP, which emphasizes that “[a] *professional may be loaned to another club on the basis of a written agreement between him and the clubs concerned. Any such loan is subject to the same rules as apply to the transfer of players, including the provisions on training compensation and the solidarity mechanism*”.
- 171. Supporting the Panel’s understanding that Paraná received, or ought to have received training compensation from Iguaçu is footnote 154 of the FIFA Commentary, which although not a binding source of law, acts as a guideline on matters related to the specificity of sport by stating that “[t]raining compensation in accordance with the FIFA regulations applies only in the event of an international transfer. For national transfers, the system enforced by the relevant association applies in accordance with art. 1 par. 2. The player passport will play a fundamental role in establishing the entitlement of the clubs to training compensation”.
- 172. As already explained, any other interpretation by the Panel would lead to a departure from the express FIFA provisions and create a situation whereby clubs would gain double profit by receiving training compensation for international transfers despite having received some compensation for national transfers (CAS 2007/A/1320-1321).

173. It thus follows the amount of training compensation awarded in the Appealed Decision was not fully compliant with the FIFA regulations, as it failed to consider Annexe 4 Article 3.1 of the FIFA RSTP.

D. What is the amount of training compensation due to Paraná?

174. Having established that Panionios is responsible to pay Paraná training compensation, the Panel finds that the amount of training compensation owed by Panionios to Paraná for the Player's international transfer to the former in accordance with Annexe 4 Article 2.1.(ii) of the FIFA RSTP and Annex 4 Article 3.1 of the FIFA RSTP and its accurate interpretation is and should be calculated only in respect of the last cycle of registration with Paraná which is from 1 April to 12 May 2009 and corresponds, for the reasons as explained above, to the last period of time the Player was effectively trained by his former club, *in casu* Paraná, before he was subsequently transferred to Panionios.
175. In relation to the specific amount due for the aforementioned period, Annexe 4 Article 5.1 of the FIFA RSTP states that in calculating 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*”. This amount is calculated by taking the training costs of the new club multiplied by the number of years of training, in principle from the season of the player's 12th birthday to the season of his 21st birthday (Annexe 4 Article 5.2 of the FIFA RSTP).
176. Since the Player spent the period from 1 April to 12 May 2009 at Paraná after re-joining from Iguazú, this period corresponds to the Player's 20th birthday and amounts to 42 days.
177. It is not in dispute that Panionios has been classified as a category II club by UEFA.
178. Under FIFA circular nr. 1185 of 22 April 2009, which was the circular applicable when Panionios signed the Player, the training and education costs applicable to category II clubs was EUR 60,000 per season. The said circular provides in part as follows:

“Training Costs and Categorisation of clubs for the year 2009

(...)

Confederation	Category I	Category II	Category III	Category IV
AFC		USD 40,000	USD 10,000	USD 2,000
CAF		USD 30,000	USD 10,000	USD 2,000
CONCACAF		USD 40,000	USD 10,000	USD 2,000
CONMEBOL	USD 50,000	USD 30,000	USD 10,000	USD 2,000
OFC		USD 30,000	USD 10,000	USD 2,000
UEFA	EURO 90,000	EURO 60,000	EURO 30,000	EURO 10,000

179. Therefore, the amount of training compensation payable to Paraná over a period of 42 days would ideally be EUR 6,904 (42/365 days x EUR 60,000).

180. The Panel thus notes that the Appealed Decision awarded Paraná an amount higher than what would otherwise have been due. It therefore follows that the Appealed Decision must be partially modified and the amount of EUR 250,000 be replaced with the appropriate amount of EUR 6,904.

Conclusion

181. In view of all the above, the Panel finds that the FIFA DRC decision passed on 1 February 2012 is partially modified and the appeal filed by Panionios partially upheld. That part of the FIFA DRC decision passed on 1 February 2012 finding Panionios liable to pay Paraná training compensation is upheld whereas that part of the FIFA DRC decision passed on 1 February 2012 ordering Panionios to pay Paraná EUR 250,000 as training compensation is modified.
182. Panionios is therefore ordered to pay Paraná a total amount of EUR 6,904 as training compensation. Since the Appealed Decision was notified on 9 August 2012 and the payment was to be made within thirty days from the said date, interest from the said amount shall accrue at an annual rate of 5% with effect from thirty days upon the date of notification of the Appealed Decision.
183. Any other requests submitted by the Parties to the Panel are accordingly dismissed.

ON THESE GROUNDS

The Court of Arbitration for Sport rules that:

1. The appeal filed by Panionios GSS FC against the FIFA Dispute Resolution Chamber decision passed on 1 February 2012 is partially upheld.
2. The FIFA Dispute Resolution Chamber decision passed on 1 February 2012 is amended as follows:

Panionios GSS FC is ordered to pay Paraná Clube EUR 6,904 (six thousand nine hundred and four Euros) as training compensation plus an annual rate of 5% from this amount counting 30 days from the date of notification of the FIFA Dispute Resolution Chamber decision passed on 1 February 2012.

(...)
5. All other and further claims or prayers for relief are dismissed.