

Global 20: K&L Gates

By **Megan Stride**

Law360, New York (June 9, 2011) -- Tapping into the power of its 37 offices around the world, K&L Gates LLP has coordinated major cross-border transactions and complex litigation for clients including Poland's Treasury, entertainment behemoth Walt Disney Co. and Asian technology giant HannStar Display Corp., landing the firm a spot among Law360's Global 20.

The firm boasts 36 offices across the U.S., Asia and Europe, plus an office in the United Arab Emirates' Dubai. Several mergers and a slew of new office openings of its own have allowed the firm to amass the global hold in just six years, and nearly 20 percent of its lawyers — 346 out of about 1,846 all told — are now based abroad.

K&L Gates first expanded its reach beyond the U.S. in January 2005, when it merged with Nicholson Graham & Jones and took on that firm's existing London office.

The acquisition of the London office suddenly gave the U.S.-based firm an international platform, and "made possible all that followed," according to K&L Gates Chairman and Global Managing Partner Peter Kalis.

Since then, K&L Gates has continued to expand its reach into more and more locales. The firm gained a multi-office presence in Asia through a merger with Preston Gates & Ellis LLP in 2007, and its steadily growing directory of international offices got its most recent boosts with a new outpost this year in Brussels and three additional offices in Moscow, Tokyo and Warsaw in 2010.

That growth has been driven entirely by client needs, Kalis said, with the firm striving to align its business with the businesses of its customers as they work to come out on top in an era of intense globalization and corporate consolidation.

A constant flow of communication between international offices has been essential to K&L Gates' success on cross-border matters, Kalis said.

Regular, virtual meetings at the practice management and firm management levels help make sure offices within regions or across the firm are on the same page, but the ad hoc go-betweens that attorneys share to talk about specific transactions, cases or clients are equally vital to ensuring smooth service, Kalis added.

The need for continuous chatter is especially strong given the fact that, according to Kalis, more than 30 percent of K&L Gates' revenue relates to work that is sourced in one office but performed in another. The firm's global managing partner said that percentage is growing every year.

That work deals within a wide variety of legal arenas, Kalis said, as "virtually all" of the firm's practice areas have an international capacity, including its corporate and transactional, litigation and dispute resolution, financial services, real estate, regulatory and policy and intellectual property groups.

Unlike more segmented firms that operate on franchise models, K&L Gates operates on a single profit pool, with a single global managing partner and a single partnership system, Kalis said.

That consistency extends to the firm's governance as well. When K&L Gates is considering whether to open a new office, its firmwide governance group, which includes representatives from all of its outposts around the world, votes on the move, with each partner carrying an equally weighted vote.

"We feel that we are the largest integrated network of law offices in the world," Kalis said.

Martin Lane, the firm's managing partner in Europe, says that integration is prevalent on a smaller scale within the Europe practice as well.

While the London office remains the firm's largest European outpost with 138 lawyers, Lane says that the Europe practice is not a "London plus some outposts" affair, but a highly cohesive network with capabilities that span the continent.

Adding offices in cities like Frankfurt and Paris has provided an especially big boost to K&L Gates' transactional work, according to Lane, who also serves as the corporate and transactional practice area leader.

"It puts us in the market for a different range, and therefore size, of deal because most substantial transactions now have a cross-border element to them," Lane said. "We are seen in a different light by clients and potential clients."

The Polish Treasury is one such client. Lawyers in K&L Gates' Warsaw, London and New York offices represented the governmental department in its role as a selling stockholder in the \$2.7 billion initial public offering of insurance company PZU SA. The 2010 offering was Central Europe's largest IPO ever and the largest in all of Europe since 2007, according to the firm.

TeliaSonera AB has also made use of the K&L Gates' global services. Lawyers in the firm's Paris and London offices represented the Sweden-based telecom company in the sale of Cambodia-based mobile telecom operator Applifone Co. Ltd. in a joint venture deal it struck with Smart Mobile, the mobile brand of Latelz Co. Ltd., according to the firm.

On a continuing basis, K&L Gates also represents Walt Disney, for which the firm's Warsaw lawyers maintain customs protection for all community trademarks throughout the EU, as well as sporting goods giant Puma AG, for which lawyers across K&L Gates offices have handled athletic endorsement deals, trademark transactions and unfair competition litigation, among other matters.

With the launch of each new European office, K&L Gates has pursued a strategic expansion of its capabilities and reach, Lane said.

"It is all about providing a seamless and integrated service across your platform," Lane said. "That is why we have selected carefully, but I think imaginatively, the locations we have gone into. And why the continued growth and the stability of the European operation has been so strong."

The firm's decision to open an office in Brussels this past February was largely driven by the opportunities in the competition and antitrust regulatory arenas, given the city's status as the administrative center of the EU, Lane said.

The Warsaw and Moscow offices the firm opened last year gave K&L Gates a chance to establish a Central European presence, Lane added, making the firm even more attractive to clients looking to do business in that region.

K&L Gates' six-office presence in Asia has similarly boosted the firm's esteem in the eyes of big companies seeking top-notch legal services, according to David Tang, the firm's managing partner in Asia.

The firm picked up its first Asian offices when it merged with Preston Gates & Ellis in 2007, taking on locations in Beijing, Hong Kong and Taipei. Expansion on the continent has continued since then, most recently with last year's opening of a Tokyo office.

The motivating factor behind the firm's Asian presence, as in other areas of the world, has been the desire to follow clients into new markets, Tang said, a particularly relevant driver on that continent given the flurry of activity in Asian markets.

A recent stand-out example of the significance of the firm's practice in Asia and its coordinating skills firmwide has been K&L Gates' work representing HannStar in the ongoing thin film transistor liquid crystal display panel price-fixing multidistrict litigation in California.

Lawyers from K&L Gates' Taipei, London, Seattle and San Francisco offices have collaborated ceaselessly to guide HannStar, a Taiwan-based flat panel manufacturer, through class action litigation and a slew of criminal and civil government probes in the U.S., EU and Asia regarding an alleged international price-fixing cartel, according to the firm.

K&L Gates' steady growth in Asia — and its attending ability to take on such complex international work as the HannStar matter — has been propelled in part by the fact that its financial strength has allowed it to seize new expansion opportunities rather than letting them pass by out of cost concerns, Tang said.

"Both the Singapore and the Tokyo offices were opened during the Great Recession," Tang said. "Most people might say that's an unusual time to open offices there but our response was, 'No, it's a great time,' because that's when the opportunities presented themselves."

The Singapore office offered K&L Gates a foothold in southeast Asia, allowing the firm to tap into the growing markets of Indonesia and Vietnam, Tang noted, while the Tokyo outpost opened up the firm's geographic reach to include Asia's northeast region, where it now serves clients doing work in Japan and South Korea.

The firm also opened a Shanghai office in 2008, expanding its established Chinese presence.

Tang attributed part of the Asia practice's success to the firm's willingness to understand local markets and maintain a local perspective.

K&L Gates lawyers in Asia generally don't "swing through" for a two- or three-year stint before heading back to their native country, Tang said. Instead, the attorneys there are locally engaged, basing their careers in the Asia offices while still boasting backgrounds in the international marketplace.

"What we've heard from our clients is that they see a big advantage in being able to work with lawyers who know the local markets in the same way a local firm would, but as members of a global firm understand the global marketplace and have the platform to be able to collaborate with our colleagues on all three continents," Tang said.

K&L Gates is constantly looking at opportunities for new international offices, Tang and Lane agreed. The firm's focus, however, is not on expansion for its own sake, according to Lane.

"It's not about flags on the map," Lane said. "It's about making it work seamlessly in practice, which we do supremely well, or so clients tell us."

--Editing by Andrew Park.