

## Global 20: K&L Gates

By **Martin Bricketto**

*Law360, New York (August 22, 2014, 8:47 PM ET)* -- Collaboration across its world-spanning offices on Brightstar Corp.'s sale of a majority stake to SoftBank Corp. for \$1.26 billion, Darling International Inc.'s \$2.1 billion acquisition of Netherlands-based Vion Ingredients and numerous other transactions and disputes has landed K&L Gates LLP on Law360's Global 20.

With Chairman Peter Kalis at the helm, the firm, which was founded in Pittsburgh in 1946, has rapidly developed a heavyweight international presence over the past decade with mergers and office openings across Europe, Asia and other regions.

Today, 22 of its 48 offices are located in 17 countries other than the U.S., including Japan, China, Australia, Russia, Germany, Italy and Brazil. Of the 2,103 attorneys who call K&L Gates home, 757, or nearly 36 percent, work outside of the U.S., according to the firm.

"One of our guiding principles is that we want to be where our clients or prospective clients are, so that takes us to a lot of different places," said U.S. managing partner Eugene C. Pridgen. "We want to be able to serve them whatever their needs are."

K&L Gates seems to have its bases covered. Its recent work includes representing American Airlines Inc. parent AMR Corp. in its merger with US Airways Group to create the world's largest airline, as well as major transactions for Florida-based Brightstar.

Those transactions include the cellphone company's sale of a 57 percent stake to Japan's SoftBank last year as well as its acquisition of 20:20 Mobile, a distribution and supply chain company that services the European mobile industry. Miami and London-based attorneys helped guide Brightstar through those deals, the latter of which concluded in February.

With an international reach in practice areas as varied as corporate and transactional, intellectual property and real estate, K&L Gates is purposefully structured to encourage collaboration and integration among its many offices, attorneys said. One significant ingredient is the firm's use of a single global profit pool.

"Everyone has the same economic incentive," said Asia Managing Partner David K.Y. Tang, who was with Preston Gates & Ellis LLP for about 35 years before its merger with Kirkpatrick & Lockhart Nicholson Graham LLP in 2007.

Strengthening its presence in Asia's booming markets, K&L Gates has added to the Beijing, Hong Kong and

Taipei offices that Preston Gates brought to the table with a Shanghai office in 2008, a Singapore office in 2009 and a Tokyo office the following year. In 2012, K&L added an office in Seoul to that network.

Preston Gates established its first Asia office in Hong Kong in the mid-1990s to better serve technology clients that were increasingly doing business in the region, according to Tang. Today, technological innovation remains a driving force in Asia and the work that K&L Gates handles, along with continued globalization and increased government regulation, Tang said.

“Clearly the reality of globalization over the course of the last 10 to 15 years has been a huge trend, and I think I can safely say that Asia-Pacific has been a huge beneficiary of that globalization trend,” Tang said, adding, “In Asia, in particular, where government tends to be very much involved in commercial transactions, the ability to work with government regulatory authorities and to be able to guide clients through that thicket has been an ever-growing trend.”

K&L Gates' accomplishments in the region include advising Robinsons Retail Holdings Inc. as part of its initial public offering and listing on the Philippine Stock Exchange. The IPO, which closed in November, raised \$622 million and represents one of the largest ever in the Philippines, according to the firm.

The firm's global reach and collaborative approach was also on display with its representation of Tokyo-based technology company NEC Corp. in its \$100 million acquisition of the electric grid storage division of A123 Energy Systems LLC.

As part of the deal announced in March, NEC and Wanxiang American Corp., which previously acquired A123 out of bankruptcy, will move forward with a joint venture to develop an electric grid storage business in China, according to the firm. More than 20 partners across Asia, the U.S. and Europe helped bring that transaction to fruition.

“It shows that we can handle multimarket, multijurisdictional transactions for clients at the same time, so they don't have to go through the hassle of dealing with multiple advisers,” Tang said.

Ingrained K&L Gates characteristics like the common profit pool made it the right combination partner for the 300-attorney Australian firm Middletons in 2013, according to Nick Nichola, the managing partner of Middletons before becoming K&L Gates' managing partner for Australia.

“What I do here in Melbourne matters to my partners in New York. It matters to my partners in Milan. It matters to my partners in Moscow and vice versa,” Nichola said. “That was a very strong attraction for us.”

The absorption of Middletons gave K&L Gates four Australian offices that will boost its operations in Asia and elsewhere and allow the firm to tap a market that's important in and of itself.

The firm's Melbourne infrastructure team has already partnered with its London counterparts on significant public-private partnerships in the United Kingdom, according to Nichola. That includes representing the winning bidder for a \$198 million affordable housing project in Leeds as well as a consortium expected to deliver 1,600 new homes and refurbish 1,200 existing homes as part of the Pendleton Social Housing Project, he said.

The firm also helped guide Singapore-based Suntec REIT in its \$385 million acquisition of a landmark office tower that Leighton Properties is constructing in North Sydney, Nichola added. The deal represented Suntec's first foray into the Australian real estate market, he said.

With so many new offices and attorneys in recent years, K&L Gates has used its governance structure to help maintain a common identity and culture. The firm's 70-person management committee includes the regional managing partners, practice area leaders and administrative partners for most offices, among other members. That might sound like overload, but it works remarkably well, according to Nichola.

"No matter where you are in the world, you feel connected to the governing body of the organization because there will be one or more people down the hall from you who have a voice at the table," Nichola said.

K&L's growth in the Asia-Pacific region has been mirrored by a surge of offices in Europe, which began with the firm's combination with London-based Nicholson Graham & Jones in 2005. K&L Gates established its Berlin office two years later, which was followed by offices in Paris, Frankfurt, Moscow, Warsaw and Brussels. Most recently came the opening of a Milan office in 2012.

"They are, in combination, a transformation of the practice from what was a London office into a genuine, integrated, pan-European practice," said Martin Lane, the firm's managing partner for Europe. "It exhibits itself in so many ways, with cross-office collaboration on client projects, on pitches and on other business development initiatives."

The firm's diverse work in Europe has included representing Dallas, Texas-based Darling in its acquisition last year of Vion Ingredients, a producer of animal-based ingredients. Also in 2013, attorneys based in Warsaw, London, Berlin and Frankfurt counseled Nordea Bank AB as part of an \$815 million deal in which the Nordic banking giant shipped its Polish banking, life insurance and financing units to PKO Bank Polski SA.

In another significant transaction announced in March, 18 K&L Gates attorneys across five offices helped represent Marathon Asset Management in its purchase of a continental European commercial property loan portfolio from Lloyds Banking Group worth about \$371 million. That portfolio is secured by 82 properties, mostly located in France and Germany.

"All are great examples of complex, cross-border deals where our integrated, highly collaborative approach enabled us to provide a seamless service to our clients across borders and time zones," Lane said.

Besides the combination with Middletons, K&L Gates in 2013 also opened new offices in Houston and Delaware. However, 2014 has been a quieter affair, with no new locations for the firm so far.

The firm will continue to look for expansion opportunities — it doesn't have an office in Canada, for example — but this year has been about fusing together its current locations and looking for operational efficiencies, according to Pridgen.

"I think one of the broader trends in the market has been a reduced demand for legal services," Pridgen said. "We think it's prudent to make sure we're being effective where we already are."

--Editing by Jeremy Barker.