

THE FIRMS

McKool Smith Sets Sights on California by Acquiring Los Angeles Boutique

Posted by Brian Baxter

Six months after losing name partner Bruce Bennett, 33-lawyer Los Angeles litigation and bankruptcy boutique Hennigan Dorman is joining Dallas-based McKool Smith, which specializes in intellectual property and commercial litigation.

McKool Smith announced Thursday that it would complete its acquisition of Hennigan Dorman by September 12. The combined firm will keep the McKool Smith name, but will conduct business as McKool Smith Hennigan in California.

"Our firms are so similar in our culture and the way we make money, it was just a very easy deal to do," says McKool Smith cofounder Mike McKool. "I personally knew within two weeks after we started talking back in May that it was something that I wanted to do. It ended up being a unanimous decision by both firms."

By combining with Hennigan Dorman, McKool Smith will have roughly 165 lawyers in seven offices nationwide. The firm wasn't actively seeking an office in Los Angeles, McKool says, mainly because many of the California firms he previously considered acquiring presented conflicts issues with McKool Smith, which is known for its patent and IP work.

"In patent law the conflicts are way worse than they are in any other kind of litigation," McKool says. "When you have a patent, you can have 30 to 200 companies that you're conflicted with, so we had problems there."

But a review of clients and discussions with Hennigan Dorman name partner Roderick Dorman, who specializes in technology litigation, revealed no major conflicts, McKool says. He views his firm's acquisition of Hennigan Dorman as a "stepping stone" toward establishing a presence in patent-friendly Northern California.

McKool claims not to be worried about a potential slowdown in patent work in McKool Smith's own backyard in the so-called rocket docket of East Texas, noting that Dallas and Los Angeles continue to be favorable venues for patent plaintiffs in the time it takes to get to trial. McKool adds that the merger with Hennigan Dorman was an attractive match not only culturally, but also on paper, noting that both firms have "almost identical" profits per partner and strong revenue streams.

Hennigan Dorman did take a hit in February when the firm, once known as Hennigan Dorman & Bennett, lost cofounding partner Bruce Bennett and nine other lawyers to Dewey & LeBoeuf. Bennett, best known for guiding Orange County, Calif., through one of the largest municipal bankruptcies in U.S. history, brought more than two decades of experience to Dewey's office in Los Angeles. (Since leaving Hennigan Dorman, Bennett and his team have stayed busy, picking up the bankruptcy work for the Los Angeles Dodgers.)

McKool Smith launched its own bankruptcy practice two years ago when the firm hired former Andrews Kurth restructuring chair Hugh Ray, who once served as local counsel to now-defunct energy giant Enron, and two other ex-Andrews Kurth partners for a new Houston office. That same year, McKool Smith tripled the amount of office space it leased in New York, where the firm opened an office in 2007, and recruited three IP lawyers from Dewey, including the cochair of its IP litigation practice.

The deal with Hennigan Dorman is the first-ever merger for McKool Smith, which was founded in 1991 by McKool and fellow name partner Phillip Smith, Jr. McKool says that his firm did not use a legal recruiter or law firm consultant in its talks with Hennigan Dorman. (Since McKool Smith generates a significant percentage of its annual gross revenue from contingency fees, the 135-lawyer firm does not qualify for our Am Law 200 survey on financial data. McKool declined comment on the firm's revenues last year.)

Like McKool Smith, which has secured a series of high-profile trial victories for corporate clients in big patent cases and retired NFL players in licensing disputes, Hennigan Dorman has a long history of success in the courtroom, as well as handling some client matters on contingency. Hennigan Dorman helped the Roman Catholic Archdiocese of Los Angeles navigate a thicket of litigation linked to allegations of sexual misconduct by clergy and lay employees, and obtained an \$80 million settlement on behalf of client Hawaiian Airlines in litigation with Mesa Air Group.

"We are thrilled to join one of the country's leading trial firms," said a statement by Hennigan Dorman name partner J. Michael Hennigan. "Our business models, cultures, and commitment to clients and their businesses could not be more alike. I am confident that our clients will benefit greatly from this union."

Hennigan Dorman's tie-up with McKool Smith caps a busy month for law firm mergers. In August alone, at least six firms announced mergers with or acquisitions of other shops, according to data compiled by legal consultancy Altman Weil.

Los Angeles has been a particular hotbed this year for larger firms moving in and acquiring smaller boutiques. Kelley Drye & Warren opened in Los Angeles in April after acquiring 15-lawyer entertainment boutique White O'Connor Fink & Brenner, Robins, Kaplan, Miller & Ciresi picked up Reeder Lu in May, Polsinelli Shughart snapped up Quateman in July, and Fox Rothschild acquired the Chan Law Group in August.