

Pa. Powerhouses Dominate In Competitive Regional Market

By **Dan Packer**

Law360, New York (June 13, 2014, 6:19 PM ET) -- As competition from national firms heats up, the 12 firms on Law360's Pennsylvania Powerhouse list have held their own, capitalizing on new energy work in the western part of the state and taking advantage of the strong local talent pool and competitive rates that have long made Philadelphia a lawyers' town.

In a state where there is no shortage of good options, these firms have stood out for their sizeable presence in the Keystone state and significant regional accomplishments in the last two years:

PENNSYLVANIA POWERHOUSES	
Firm	Pennsylvania Head Count
Ballard Spahr	203
Buchanan Ingersoll	288
Cozen O'Connor	216
Dechert	174
Drinker Biddle	202
Duane Morris	214

Fox Rothschild	237
Hangley Aronchick	49
Morgan Lewis	319
Reed Smith	389
Saul Ewing	126
Stradley Ronon	174

The list is unique for the high number of firms with deep roots in the state. Nine of the 12 firms can trace their founding back more than a century to either Pittsburgh or Philadelphia, with several going as far back as the mid-to-late 1800s and the arrival of the railroad. By those standards, Hangley Aronchick — this year celebrating its 20th anniversary — is the new kid in town.

Most firms have two or three offices in the state. Six are located in Pittsburgh, and six have offices in Harrisburg, but success in Philadelphia, a national seat of complex commercial litigation, remains the big prize for firms based in the state, and all 12 firms have offices there.

An average of 216 lawyers per firm work in the state, with the lion's share in the city of Brotherly Love. For three firms — Ballard Spahr, Dechert and Drinker Biddle — it's their only outpost, highlighting the importance of the city to the state's legal market.

“In Philadelphia — just the depth of the profession — It's pretty extraordinary, both the number of quality of lawyers and quality law firms,” said Mark Silow, the managing partner of Fox Rothschild. “We've got everything from the small boutiques to the home offices of the international law firms Morgan Lewis and Dechert. It's a lawyers' town, so there's a lot of really good lawyers and really good law firms.”

The high level of talent in Philadelphia makes for a challenging environment when it comes to competing for legal work, along with its position at the heart of the the eastern seaboard.

“You've got the mid-Atlantic East Coast competitive pressures in Philadelphia that probably differ from the Pittsburgh market,” said Joe Dougherty, the managing shareholder of Pittsburgh-based Buchanan Ingersoll's Philadelphia office. “Today we're competing not only with the long-standing Philadelphia firms that are here but more often with Washington, D.C., firms, New York firms for the bigger litigation.”

In spite of competitive pressures, the Philadelphia legal market is stable — at least since the 2008 dissolution of WolfBlock — and one where lawyers have been happy to stay put, compared to other

cities, said Silow.

“The firms are all doing well. They seem to have avoided some of the problems that other large firms around the country have suffered. There hasn't been a lot of movement among firms,” he said.

According to Mark Aronchick, the chair of Hangley Aronchick and a former chancellor of the Philadelphia Bar Association, the key to this stability is the quality of talent as well as the city's price competitiveness.

“The main strength is the excellence of the practitioners in Philadelphia. I'm not saying that as an advertisement, it's the truth,” he said. “Couple that with price competitiveness — the hourly wage and fee arrangements compare favorably to other cities — and it's a very important edge.”

Pharma Industry Anchors Philly Market

One traditional area of strength in Philadelphia and its environs comes from the major presence of a number of pharmaceutical and other life science companies, and some of the largest firms in the state derive a sizable chunk of business from representing clients in these areas.

“We've done significant amounts of work for companies like Pfizer, AstraZeneca, Merck and other major pharmaceutical companies because they've been the target defendants in a lot of mass tort work,” Dechert CEO Dan O'Donnell told Law360 earlier in the year.

There's also significant corporate work coming from the life sciences companies headquartered in the region — “a lot of licensing, co-promotion and transactions, et cetera,” he said in a more recent conversation. Although Dechert has grown to 26 offices on three continents, its historic roots are in Philadelphia.

A number of the firms based in Philadelphia also operate satellite offices in the city's suburbs, where they are poised to capture business from the growing health care and tech sectors. Fox Rothschild — with offices in Blue Bell, Exton, and Warrington — has more suburban Philadelphia outposts than any of the other firms recognized in the series.

“Across southeastern Pennsylvania, high tech and health care have been very dynamic,” Silow said.

Other firms on the list also have a presence in Montgomery and Chester counties, with offices in West Conshohocken, Malvern, Chesterbrook and Norristown.

But the city itself remains a go-to destination for business litigation from across Pennsylvania, thanks to the quality of attorneys practicing in the city and the efficiencies of the commerce division of the Philadelphia Court of Common Pleas.

“We've got a very good business court that draws a lot of business cases here from around the state,” Aronchick said.

The city's Complex Litigation Center is also a proving ground for lawyers from top firms across the state, including Pittsburgh-based Reed Smith, whose Philadelphia attorneys are representing GlaxoSmithKline in a mass tort proceeding involving alleged injuries to plaintiffs born to women who took the drug thalidomide.

Philadelphia-based Drinker Biddle also has a thriving product liability practice, and that along with real estate and corporate work out of the Philadelphia office for companies like Comcast, Penske and Urban Outfitters has earned it a place on the list.

Energy Work Drives Firms to Pittsburgh

Meanwhile, on the other side of Pennsylvania, the development of natural gas production in the Marcellus Shale has provided a charge for firms with a strong Pittsburgh presence, like Reed Smith and Buchanan Ingersoll, both of which were founded there in the 19th century and maintain the bulk of their manpower there.

“The more things change, the more things stay the same. So now in terms of the local economy, things have come full circle,” George Stewart, managing partner of the Reed Smith's home office in Pittsburgh, told Law360 earlier in the year. “Pennsylvania, we're finding out once again, is blessed with incredible natural resources, and as those resources are being developed, I'd expect that firms within Pennsylvania will look to participate in that process. We have seen significant growth in that area.”

The growth has also been positive for Philadelphia-based firms that operate in Pittsburgh, like Morgan Lewis.

“I see the energy sector really on all fronts — both Marcellus Shale, of course, plus coal and the new interesting things happening in that industry, and cleantech,” Marlee Myers, managing partner of the firm's Pittsburgh office, said in March. “We've seen a lot of growth in the sector and see that it's very promising.”

The firm, like Dechert, is a substantial international player, with 25 offices in three continents, but also has deep roots in the region, and having worked with businesses in the state's energy sector since the turn of the 20th century, it has been well equipped to do major work in the field, including overseeing two major acquisitions in the last year.

Firm leaders also think that Philadelphia is in position to benefit from the energy boom, especially with the prospect of connecting the gas fields in the west of the state to Philadelphia's ports through pipelines. Sunoco is currently seeking regulatory approval for a pipeline that would terminate at a Delaware River facility.

“You have the Philadelphia Chamber of Commerce and the Energy Action Group that are trying to develop a greater business presence for the energy sector, both through innovation, through technology and through the ports,” said Dougherty of Buchanan Ingersoll's Philadelphia office. “There's a lot of opportunity, and Philadelphia is a uniquely positioned community to try to help tap into that, especially through the transportation side and the technology side.”

Harrisburg Pols Generate New Opportunities

Between the complex commercial bastion of Philadelphia and the energy frontier of Pittsburgh, of course, is Harrisburg, which continues to be a key location for legal work that's tied to the mechanics of the state government.

“When I think of Harrisburg legal market: what distinguishes us from Pittsburgh and Philadelphia is that clients do look to this market for regulatory and governmental relations expertise,” said Steve Gierasch,

the managing shareholder of Buchanan Ingersoll's Harrisburg office.

Another major player in Harrisburg is Philadelphia-based Stradley Ronon, whose recent achievements include litigation successes on behalf of the General Assembly, a legislator and officials of the House of Representatives, and the Pennsylvania Insurance Department.

Philadelphia-based Cozen O'Connor also completed a key transaction tied to the state government, when its public finance attorneys helped guide the Pennsylvania Economic Development Financing Authority through the sale of \$2.8 billion in unemployment compensation revenue bonds, a move that is expected to save state businesses approximately \$100 million over time.

That sort of government work is not restricted to the state capital, however. For example, a team of attorneys from Ballard Spahr had a major score when they recently advised the mayor of Philadelphia on the \$2 billion planned sale of Philadelphia Gas Works, securing the firm's presence on the list.

Aronchick, whose firm has a small outpost in Harrisburg, said government work is providing some growth opportunities at various levels as states and local communities take a greater role in economic development in the face of decreased efforts at the federal level.

"As states are asked to do more, the states are sometimes doing that and are sometimes not," Aronchick said. "There are more demands coming downstream on local and municipal governments, and there's a growth area among people trying to get that done."

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